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# REPORT

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ON

## TRADE CONDITIONS IN BRAZIL

BY

LINCOLN HUTCHINSON

SPECIAL AGENT

TRANSMITTED TO CONGRESS IN COMPLIANCE WITH  
THE ACT OF FEBRUARY 3, 1903, AUTHORIZING  
INVESTIGATIONS OF TRADE CONDITIONS ABROAD



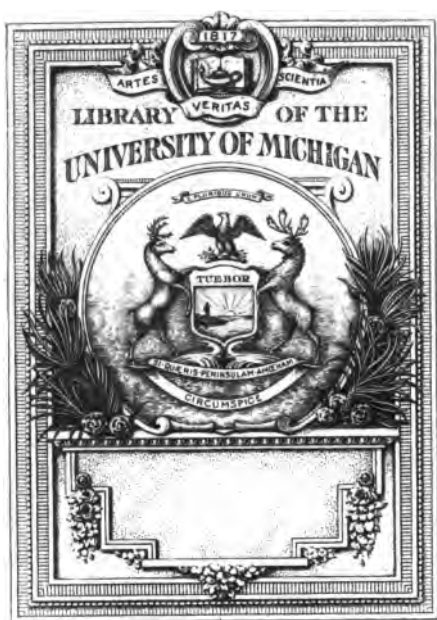
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WASHINGTON

GOVERNMENT PRINTING OFFICE

1906







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LINCOLN HUTCHINSON

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TRANSMITTED TO CONGRESS IN COMPLIANCE WITH  
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## LETTER OF SUBMITTAL.

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OCTOBER 29, 1905.

SIR: In submitting the appended report on "Trade Conditions in Brazil," I beg to offer a word of explanation as to the nature and scope of my investigation.

My journey in Brazil covered three months' time, and was confined to the coastal region of the country from Pernambuco southward to the Uruguayan frontier. My investigation was devoted almost exclusively to the study of "trade conditions," the present position of the United States in the market, the attitude of Brazilian purchasers toward our goods, and the general conditions which help or hinder the development of our commerce. Technical details of a kind which an exporter might expect to receive from his traveling agent have been alluded to only in illustrating the broader features of the problem. Such details, except in most superficial and unsatisfactory form, could be given only by a technical expert in each particular line of trade.

Care has been taken to avoid, so far as possible, discussions of a political nature. The object of the report is to describe existing conditions, to explain the influence of the various factors in the Brazilian trade, not to advocate or combat proposed changes of public policy. The crying need of our trade with Brazil is that our merchants should be aroused to the latent possibilities of the market. Our people as a whole fail to understand the country, the people, or their ways of doing business, and the failure is due not to any lack of ability to understand, but merely to an unwillingness to devote the time and money necessary to the learning. This is the fundamental fact, and until it is grasped all other questions must remain of secondary importance. Once aroused to an appreciation of the value of the market and the importance of studying its peculiarities, our merchants will be as quick as any in the world to take the necessary steps in order to capture it.

The manufacturer or exporter, therefore, who takes up this report expecting to find in it many suggestions which will be of much direct assistance to him in his particular business will be disappointed. Such suggestions there are, but they have been considered of secondary importance.

On the other hand, the merchant desirous of knowing more about Brazil and the "trade conditions" there existing, who looks for suggestions as to lines of technical investigation which may be worth following up, will, it is believed, find in the report a useful guide.

Respectfully,

LINCOLN HUTCHINSON,

*Special Agent of the Department of Commerce and Labor.*

The SECRETARY OF COMMERCE AND LABOR,

*Washington, D. C.*

# TRADE CONDITIONS IN BRAZIL.

---

## I. INTRODUCTION.

### SOUTH AMERICAN FIELD REVIEWED.

For close upon a century the eyes of American traders have been turned longingly toward South America. Even before the promulgation of the Monroe Doctrine, or before the southern continent had thrown off the yoke of Spain, the producers of our factories and fields saw in Spanish America the possibility of a market for their surplus when the hoped-for expansion of American industries should come. One of the motives for the formulation of Monroe's famous message was the dim recognition of this possibility. The years have rolled by, American industry has grown in a degree undreamed of by our fathers, we have become one of the greatest producing and exporting nations of the world, and still we are looking toward the future for the realization of our hopes of economic preponderance in the revolted Spanish colonies.

Some twenty years ago there was a revival of interest in our southern neighbors, an interest resulting, after long debates, in a definite bid for trade in the form of reciprocity agreements. For many reasons that enterprise came to naught just at a moment when the most unexampled extension of our export trade began; and, strange to say, our interest in this particular field was allowed to wane in the enthusiasm of our successes in other directions. Yet Spanish America is a field which in many respects seems to be our natural economic heritage. In Mexico and the West Indies we have long since achieved preponderance. In South America we are told that failure is our portion, and we seem to have acquiesced in that judgment.

### CAUSES FOR FAILURE IN SOUTH AMERICA.

The fault can hardly be said to lie in any lack of American enterprise. Our exporters have shown themselves in other directions able to cope with all problems which have arisen. The real difficulty goes deeper; it rests on various causes—political, economic, and geographical. The long-continued unrest in the South American Republics for many years magnified the insecurity and diminished the value of their

trade. This, combined with climatic influences, the sparsity of population, and the geographical position of the continent, kept at a low ebb its capacity for making purchases abroad. The entire continent, with an area of 7,000,000 square miles, twice as large as all of Europe, has a population of only 35,000,000, and its total import trade reaches a value of only \$327,000,000. A large part of the continent, three-fourths of the whole area, lies within the Tropics, and tropical countries in general have fallen behind in the march of modern international exchanges. A considerable portion, however, lies in temperate and subtropical regions, with good climate, a rich soil, and vast natural resources. Yet even here development was slow, and economic conditions remained for a long time far behind the standard set by the North Temperate Zone. This backwardness must in a large degree be put down to the single fact that the Southern Hemisphere for so long a time was off the high road of modern progress. The larger land masses of the Northern Hemisphere, the earlier development of civilization there, and the shorter ocean spaces between the continents have made the great highways of commerce east and west routes north of the equator. A north and south route to South America has been a mere sidetrack to the main line.

#### SIGNS OF CHANGE.

Such conditions are not, however, permanent, and already there are marked signs of change. A vast expanse of ocean lying between two continents is no longer the obstacle to intercourse that it was even a few generations ago. The mastery of modern hygienic science over the destructive forces of a tropical climate is every day becoming more complete; the growing force of international obligations is rendering long-continued internal political disorder in any region more impossible. With quicker communications, a lower death rate, and more stable institutions, these rich but undeveloped regions are certain to assume a very different economic rôle. The present density of the population of the continent is 5 to the square mile. If the density should be increased to that of the United States (25) the total number of inhabitants would reach 175,000,000. That this increase in the next few generations is by no means impossible becomes manifest when we consider that there is a strong tide of emigration from Europe to the countries in question, that conditions in all that part of the continent south of the Tropic of Capricorn are similar in many respects to those which exist in the United States, and that even in the tropical regions the introduction of modern hygienic improvements—such, for example, as are now being applied so successfully in Santos, Sao Paulo, and Rio de Janeiro—will make a much denser population possible.”

---

“The density of population in Cuba is 44 to the square mile.

## ESTIMATE OF POSSIBILITIES.

The value of imports per capita is at present \$9.34. With a population of 175,000,000 and a per capita importation equal to that of Argentina at present (\$22.70) the total imports would rise from their present value of \$327,000,000 to a grand total of \$4,000,000,000. It may be thought that this estimate of possibilities is somewhat chimerical, for the per capita imports of the United States are only \$10; but the United States is so situated as to be able to produce a large part of what it requires for home consumption, while South America is not at all likely to develop a similar ability, except in some few instances. We may rather expect commercial growth there, certainly in the tropical regions of the continent, along lines similar to those which have shown themselves in Cuba, whose import trade amounts to no less than \$42 per capita of population. The estimate of \$22.70 for possible future South American imports per capita is, therefore, probably under rather than over the mark. Whatever may be said as to the comparative unimportance of South American markets to-day, we may confidently expect the not very distant future to make them well worth the closest attention.

## BRAZIL'S DIVERSIFIED CONDITIONS.

The subject of the present inquiry is the largest and most populous of the South American Republics—Brazil. It is a vast region, presenting every variety of climate, and having to-day a population of probably 16,000,000. This population is varied in the extreme, consisting of people in almost every grade of civilization—Indian tribes, negroes, half-breeds, natives of pure Spanish or Portuguese blood, and a large class of European immigrants and their descendants, mostly Portuguese and Italian, with many Germans, a few Englishmen, and still fewer North Americans.

Geographically and economically Brazil can not be regarded as a simple unit. In climate, population, and physical configuration it is divided into many sections, and its geographic diversities are reflected in the variety of economic and commercial conditions to be found in the different sections. The newcomer is first of all surprised at his own ignorance in this matter. He has thought of Brazil as a single country, a region of high temperatures, superabundant rainfall, and dense tropical forests, where human existence is constantly threatened by fevers and epidemics. He has spoken of her imports and exports simply as "Brazilian," without a thought of the necessity of further specification, as southern, or central, or northern Brazilian. He finds the reality quite otherwise. Northern Brazil, for example, differs as much from southern Brazil as the latter does from Germany or



France. There is little in common, commercially, between the two parts, save the bare fact that they are both under the same political and fiscal system and recognize allegiance to the same flag.

#### NATURAL AND ECONOMIC DIVISIONS.

Disregarding minor differences, commercial and industrial Brazil must be divided into three distinct sections, in order to understand the conditions which affect her foreign trade: Northern Brazil, or the Valley of the Amazon and its tributaries; central Brazil, or the tropical States of the Atlantic seaboard, and southern Brazil, the sub-tropical and temperate States of the southeast.

The first of the regions includes the States of the Amazonas, Para, Maranhão, Piauí, and the larger parts of Matto Grosso and Goyaz, a total area of 2,290,000 square miles, with a population of 2,159,000. Its surface is mainly undulating lowlands covered with dense forests, its climate is distinctly tropical, with uniform high temperatures and abundant rainfall, and its industries are almost exclusively extractive, the chief commercial product at present being rubber. Its geographical position with regard to foreign countries likewise distinguishes it from the other two sections of the country, for it alone stands nearer to the United States than to the countries of Europe. Distances to central and southern Brazil—to all points south of Pernambuco—are virtually the same from American ports as from European.

The second region includes seven States: Ceará, Rio Grande do Norte, Parahyba, Pernambuco, Alagoas, Sergipe, and Bahia. The total area is 342,000 square miles, and the population 5,473,000. Though well within the Tropics its climate is far from being as distinctly tropical as that of the first region. Temperatures are as high, but the rainfall is less, the air is drier, the forest growth is less luxuriant and abundant, and the land rises rapidly from the coast to a plateau of moderate height, giving better drainage to the land and preventing the development of great swamps. The principal industries are rather agricultural than purely extractive, and the chief products are cotton, sugar, tobacco, cacao, and mandioca.

The third or southern section includes the States of Espírito Santo, Rio de Janeiro, Minas Geraes, São Paulo, Parana, Santa Catharina, Rio Grande do Sul, and the Federal capital; an area of 584,000 square miles, with a population of 8,700,000. The main topographical feature of this group is the great plateau, the so-called "Island of Brazil," which rises abruptly from the Atlantic and stretches along parallel to the coast from north to south, diminishing in elevation and distinctness as it approaches the southern borders of the country. It is a continuation of the plateau and mountain section which backs the States of the central group. The economic results of the presence of this plateau are twofold. It gives the northern States of the southern

group a subtropical or even temperate climate (except on the narrow coastal plain) in spite of the fact that they lie just within the Tropics, and provides abundant water power for the development of domestic industries. It has a detrimental effect also in that it makes transportation from the coast to the interior extremely difficult. In the south this plateau virtually disappears, being of small importance in the State of Rio Grande do Sul; but this State lies well without the Tropics and has an almost temperate climate even without the influence of altitude.

The chief industries here are agricultural, but the section is distinguished from the others not only by the character of its agricultural products, but also by the fact that pastoral industries and manufactures have developed considerably. Coffee is the chief product, this section alone producing about 60 per cent of the world's total supply of this article; but maize and yerba maté (Paraguay tea) are also important crops, while in the extreme south the principal temperate climate fruits abound. The pastoral industry takes the form of raising cattle for their hides, though hog raising is also coming into importance. Manufactures are confined chiefly to a few cities and towns, such as Rio de Janeiro, São Paulo, Joinville, Blumenau, and Porto Alegre, but they are increasing so rapidly as to affect seriously the import trade in several classes of goods.

Another characteristic of this third group of States is that from one or two of them comes the principal mineral production of the country, diamonds, gold, manganese, and several other important minerals being found in Minas Geraes, São Paulo, Rio de Janeiro, and other States. The mineral section overlaps also parts of the second or central group of States, such as Bahia and Goyaz, but the main supplies are from the southern group.

#### INDUSTRIAL DIVERSITY.

The economic differences between these three great divisions of the country may perhaps best be illustrated by a few figures. Group I produces about 96 per cent of the export rubber of the country, and 99 per cent of the Brazil nuts, but only 20 per cent of the cacao, 10 per cent of the cotton, 16 per cent of the dry hides, and 7 per cent of the salt hides; Group II, 96 per cent of the tobacco, 97 per cent of the goat and sheep skins, 84 per cent of the cotton, 77 per cent of the cacao, practically all the sugar, and 70 per cent of the diamonds, while Group III must be credited with 99 per cent of the gold and manganese, 92 per cent of the salt hides, 65 per cent of the dry hides, 98 per cent of the coffee, and 100 per cent of the yerba maté. Both Group II and Group III, besides these goods for export, raise large quantities of other agricultural products, notably mandioca (Group II) and maize (both groups), while in Group III especially (and to some extent

also in Group II) home manufactures are developing under the Federal system of protection.

In brief, then, the industries of the three sections may be described as extractive in Group I, agricultural in Group II, and agricultural, pastoral, and industrial in Group III.

Of the three sections the third has reached by far the greatest importance. With but 18 per cent of the total area, it contains over 53 per cent of the entire population of the country. Its industries are more varied than those of the other two sections, and its trade the largest, providing, as it does, 58 per cent of the total exports and purchasing 66 per cent of the imports. Group II contains but 11 per cent of the total area, but has 33½ per cent of the total population. The density is there a little greater than in Group III, being 16 per square mile in the former and only 15 in the latter, but the commercial activity is far less and its share in the total exports is only 13 per cent and in imports only 18 per cent. Per capita exports in Group III amount to \$12, while those of Group II are only \$4.40. In imports the difference is even more marked, the per capita foreign purchases of Group III being \$9 while those of Group II are only \$3.90.

The economic differences between the three sections of the country are shown not merely in the character of their exports and the total amount of their trade, but it is reflected too in the character of their imports. A section whose industries are extractive makes demands upon foreign markets quite different from those of an agricultural section, just as the purchases of the latter differ in kind from those of a section where local manufactures are developing. In the Brazilian official statistics the imports of the country are divided into four primary classes: (1) Animals, living and stuffed; (2) materials, raw or prepared for manufacture; (3) manufactures; (4) food stuffs and fodder. The ratios, by value, of these four classes of imports into the whole country in 1903, were:

	Per cent.
Class 1.....	0. 94
Class 2.....	18. 13
Class 3.....	45. 95
Class 4.....	34. 98
Total .....	100. 00

But if we examine the imports of the three separate sections of the country we find a very different distribution in the various parts, as follows:

	Northern group.	Central group.	Southern group.
	Per cent.	Per cent.	Per cent.
Class 1.....	1.3	0.1	1.1
Class 2.....	12.3	14.4	20.5
Class 3.....	48.2	49.3	44.5
Class 4.....	38.2	36.2	33.9
Total .....	100.0	100.0	100.0

## COMMERCIAL STATUS OF THE THREE GROUPS.

The States of the Amazon Valley (Group I) where the industries are so largely extractive, import, as might be expected, the largest percentage of food stuffs (class 4) and a high percentage of manufactured goods (class 3). Their imports of articles intended for further manufacture are necessarily small. As we move south to the central group of States (Group II), where agriculture is so important and where there are beginnings of local manufacture, we find a smaller percentage of food stuffs (class 4) and a larger percentage of raw and partly manufactured materials (class 2); while in the south (Group III), where meat and vegetables are raised in abundance and where manufactures have already gained a strong foothold, we find a still smaller proportion of food stuffs and a still larger share of materials for manufacture while imports of manufactures themselves are relatively considerably less. Furthermore, the imports of food stuffs and manufactures into the two more southern sections of the country (Groups II and III) are declining while the imports of materials for manufactures are increasing.

There is great difference also between the three groups of States as regards the destination of their exports, the share going to the United States being very different in the three cases. We purchase about 48 per cent of the total exports of Group I and 43 per cent of those of Group III, while Group II sends us only 24 per cent of its export products.

## PRINCIPAL EXPORTS AND DESTINATION.

The principal exports of the various groups are as follows, the values being stated in United States dollars:

Articles.	Group I.	Group II.	Group III.
Hides:			
Salt.....	\$262,000	\$43,000	\$3,602,000
Dry.....	396,000	452,000	1,532,000
Goats, sheep, etc.....	77,000	2,494,000	.....
Monzonite sand.....	.....	361,000	.....
Manganese.....	.....	12,000	1,178,000
Gold.....	.....	23,000	2,263,000
Diamonds, etc.....	.....	361,000	154,000
Cotton.....	928,000	5,456,000	.....
Sugar.....	.....	963,000	.....
Rubber:			
Mangebeira.....	127,000	342,000	.....
Seringa.....	45,600,000	.....	.....
Maniçoba.....	534,000	1,068,000	.....
Cacao.....	1,143,000	3,287,000	.....
Coffee.....	.....	1,871,000	91,699,000
Brazil nuts.....	916,000	.....	.....
Tobacco.....	.....	4,436,000	184,000
Maté.....	.....	.....	3,302,000
Total.....	49,983,000	21,169,000	103,914,000

The destinations of the chief exports, stated in percentages, are:

DESTINATION OF EXPORTS.

Articles.	United States.	United Kingdom.	Germany.	France.	Portugal.	Belgium.	Netherlands.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Hides:							
Salt.....	1.8	52.0	24.0	17.0			
Dry.....	9.0		52.0		18.0		
Goat, etc.....	80.0	9.0		10.0			
Monazite sand.....		15.0	85.0				
Manganese.....	46.0	14.0				23.0	
Gold.....		99.0					
Diamonds, etc.....	11.0	33.0		53.0			
Cotton.....	5.0	66.0	6.0		22.0		
Sugar.....	76.0	23.0					
Rubber:							
Mangebeira.....	42.0	28.0	21.0				
Manicoba.....	18.0	71.0	7.0				
Seririga.....	50.0	43.0		5.0			
Cacao.....	25.0	12.0	15.0	41.0			4.0
Coffee.....	48.0	2.5	18.0	12.0			6.0
Brazil nuts.....	65.0	32.0					
Tobacco.....			97.0				
Maté. (All to River Plata and Chile.)							

DISTANCE OF SECTIONS FROM UNITED STATES.

This analysis of the geographic and economic characteristics of the various sections of Brazil might be carried much further, for there are many minor differences as well as these more marked ones; but enough has already been said to emphasize the necessity of regarding the country as a collection of diverse units if we would understand the real nature of its commercial activity. The northern section of the country (Group I) especially must be considered as commercially distinct from the other sections. Not only does its geographical position ally it commercially with the United States (for here alone in all Brazil are distances to United States ports less than to Europe), but the character of its products and industries makes it peculiarly dependent on the United States as a market for its exports and a source of supply for its imports. We take no less than 48 per cent of the total exports of the Amazon Valley, and we probably supply 25 per cent of its total imports, in which wheat flour and pork products are the principal items. The total import trade of this section is, however, small as yet, amounting to only \$18,000,000 per annum, though the increasing demand for rubber and the rapid growth of population in such cities as Para and Manaus give promise that it will become much more important in the near future.

So far as mere distance from markets and sources of supply is concerned, the central and southern groups of States stand on exactly the same footing, except in one particular—the nearness to the Argentine supplies of breadstuffs and provisions. As already pointed out, the distance to New York is virtually the same as to London, only 133

miles more. There is little if any difference in freight rates, and success or failure is determined by other elements, which will be discussed later in another part of this report.

#### EFFECT OF VAST AREA ON TRADE.

Before leaving the subject of the geographical conditions in Brazil a few words should be said of the size of the country as affecting its commercial activities. Few things strike the newcomer to this country more forcibly than the enormous area which it covers and the immense distances which separate its different parts. Somehow we have come to think of Brazil much as we would of Venezuela or Colombia or Mexico, and we fail to grasp the fact that the country is some 50,000 square miles larger than the whole United States, excluding Alaska. And this fact in itself is only part of the truth, for if we measure size not in mere numbers of square miles, but in terms of the time it takes to travel or send goods or messages from one portion to another, the country must be considered as many times the size of the United States. To go from New York to San Francisco takes five days; from Rio Grande do Sul to Manaus one is fortunate if he covers the distance in twenty-one days. From Rio de Janeiro to Para takes as long as from Rio to London. There is no possibility of overland travel except on a very limited scale and between neighboring portions of the country. For longer distances, water transportation alone is available. This affects, of course, not merely personal travel or transportation of goods, but all postal facilities as well, and it is more difficult for a merchant in Rio or Sao Paulo to keep in touch with the commercial activities of Para than for a New York merchant to keep in touch with South Africa or India. It would be unnecessary to mention these elementary details were it not for the fact that one is constantly confronted with evidence that American exporters have somehow failed to grasp them. Some of our merchants attempt to do business in the whole of Brazil through a single agent resident in Rio de Janeiro or Sao Paulo. Such attempts must end in disappointment. I recently heard of an agent in Sao Paulo who was reprimanded by his principal for failing to give a definite reply to inquiries sent him as to the standing of a firm in Para, and another agent in Rio de Janeiro, who was accused of indifference because he refused to go from Rio to Curatyba to make a sale of a \$65 machine. The round trip to Curatyba would have cost about \$50 and taken two weeks time! These are, of course, exceptional cases, but unfortunately they are but illustrations of what seems to be going on more or less generally in connection with our efforts to "capture" Brazilian markets.

## CONDITIONS TO KEEP IN MIND.

We have now, it is hoped, a sufficiently clear picture of the country which forms the subject of the present inquiry as a market in international trade. We must keep in mind a region of enormous aggregate area, with sparse and scattered population, wonderful though largely undeveloped natural resources, with unsatisfactory though improving political, economic, and financial conditions; a producer of some of the most important raw materials of world commerce, and only a beginner in the development of the elaborative industries; a country sadly in need of a larger industrial population of the better sort, and depending for growth in this direction upon immigration from the older industrial nations; demanding investment of foreign capital for the erection of its public works and the habilitation of its productive enterprises, and already enjoying a large share of such investment at the hands of English and European capitalists; a country which of necessity imports a large part of all that it consumes of manufactured goods, machinery, tools, hardware, textiles, clothing, all sorts of household requisites, and food stuffs; and which exports in payment for these purchases its abundant raw materials. Having thus noted the conditions in the market a word may be said as to the position of the various competitors who have already gained or are attempting to gain a foothold in the business of supplying its needs.

## NATIONS COMPETING FOR TRADE.

It is often said that the chief competitors in the markets of South America are the United States, England, and Germany. Sometimes France and Belgium are added; sometimes, too, the list is augmented by Spain, Portugal, and Italy. The truth is that no single enumeration can give a correct impression of the facts; for, of course, all countries which sell to South America do not compete with one another in the same articles. Before we can say who the competitors are we must know what goods or classes of goods we are to consider. If we are speaking of total sales of all commodities, we must say that the United States, England, Germany, and France are the chief providers, if we turn to iron and steel manufactures, we need think mainly of only the United States, England, Germany, and possibly Belgium; if agricultural machinery, we find the principal sellers to be the United States and England; if we consider textiles, we are forced to add Italy to the list; if food stuffs, then Portugal, Spain, and Argentina must be included. For the purposes of this preliminary survey of the competitors, however, it will be sufficient to consider them simply as two groups, of which the United States alone forms one and her European competitors the other. Differences in the conditions in the various European exporting countries, where important, may be briefly alluded to.

## ATTITUDE OF THE UNITED STATES.

In the United States we have a country young and vigorous, one which although still predominantly an agricultural country, has within the last decade or two made marvelous strides in manufactures, until she now ranks as the largest producer of many of the commodities which are in strong demand in the South American market which we are considering. Not only are we producing, we are also exporting to such extent as to put us in the front rank of commercial nations. But to this latter position we have only recently attained. We were large producers long before we were large exporters, and even now, in spite of the enormous growth of our sales abroad, our home markets, protected by a high-tariff wall, remain far more extensive and far more valuable than our foreign. It must be a promising field indeed which tempts an American manufacturer of any particular line of goods to make much outlay of time or money for the capture of foreign markets, so long as easy, safe, and profitable sales are possible at home. This is a truth often lost sight of, but one which it is essential to recognize before we can make any progress in the understanding of our treatment of foreign markets. The reluctance on the part of American producers to seize what appear to be opportunities for foreign trade must not be charged to any lack of perception or energy. The immense success which they have obtained in home markets, and in those foreign markets to which they have given serious attention, confirms their world-wide reputation for skill and farsightedness. But before they bring these qualities to bear in a campaign for new markets, they must be convinced that the new course is better worth while than the particular one they are already pursuing.

## STRENGTH OF GREAT BRITAIN.

In England we find, in many respects, the very reverse of American conditions—an old country, the pioneer of modern manufacturing, dependent upon her foreign sales of the products of her factories for the very food she eats, long accustomed to preeminence in the output of many lines of goods and the control of almost any market which she cared to enter; confident, at least until recently, of the stability of her commanding position, and imbued with a conservatism of method due largely to her long-continued successes. Her home market is, of course, immensely valuable, though open to inroads from abroad through the absence of a tariff barrier, but neither in character nor amount is it relatively so important to herself as the home markets of the United States are to Americans. The strength of her position lies largely in the relative importance of her foreign markets and in what we may call her vested interests in those markets.



The fact that as an exporter she has shown some decline must not blind us to the fact that she still holds a commanding position in many important respects.

#### CONTINENTAL NATIONS.

Among the Continental nations we find conditions which stand between those existing in the two extremes—America and England—but not equally present in all the countries. France, Belgium, Spain, and Portugal may be regarded as approaching the class of which England is the type, while Germany and Italy approach the type represented by the United States. The former, as a group, are conservative and relatively unprogressive (even as compared with England), but they have certain “vested interests” in South American trade from which it is not easy to dislodge them; the latter are young and progressive economically, have roused themselves in recent years, and are energetically and persistently struggling to capture foreign markets. Italy, of course, lags far behind Germany, and both of them differ widely from the United States so far as concerns the relative value of their domestic markets, but both must be regarded as belonging to the same general class, because they display the same spirit of energy and adaptability, and because they, with the United States, are the attacking party in attempting to drive England, France, and other possessors of the market from their commercial entrenchments. Many minor differences, of course, exist between the various competitors, and the above classification can be accepted only in the broadest outline.

#### PROGRESSIVE ARGENTINA.

Still another competitor must be mentioned in passing—Argentina. With her immense facilities for the production of certain food stuffs, and her proximity to the markets of southern and central Brazil, she is rapidly taking a prominent place among the sources of Brazilian imports of this character. Already she has passed all other countries as an exporter of breadstuffs to Brazil, and there is every indication that she will continue to strengthen her position not only by increasing her sales of these articles, but by adding other products of her fields and cattle ranges as well.

## II. POSITION OF THE UNITED STATES.

Much has been said and written as to the success of the United States in Brazilian markets, and the general opinion seems to be that we have lost ground in recent years. There are, however, reasons for doubting whether such an opinion is strictly correct. It is true that our share in the import trade of Brazil is much less than that of some of our competitors, notably England. It is likewise true that our trade has declined considerably in late years. But these facts can easily be given too great importance. The real questions of success or failure are relative, not absolute. England's share may be larger than ours, but if ours is increasing more rapidly than hers the outlook for the future may not be discouraging. And our exports may have declined, but if they have fallen less than those of competing countries then ours really show a relative gain. With a view to determining our exact position the following tables have been prepared, and they prove that our Brazilian trade is in a much more favorable condition than is commonly supposed. Comparisons by single years are often almost useless and generally misleading, for special conditions in either the selling or purchasing country often make the year's figures either abnormally large or small. To get a true picture of the movement of trade it is necessary to take a period long enough for special conditions of inflation and depression to counteract one another, and for that purpose five years is usually considered sufficient. In the tables, therefore, the rate of growth or decline of our trade with Brazil is determined by comparing the average annual exports to that country for two five-year periods, 1894-1898 and 1899-1903, and these rates of increase or decrease are in turn compared with similar figures for our chief competitors. Unfortunately Brazilian import statistics have been gathered only since 1901, and it is impossible to make such a comparison on the basis of Brazilian imports for the two periods mentioned. Resort must be had to the export statistics of the countries from which Brazil makes her purchases, and as soon as we begin to use them a new difficulty develops—differences of classification render it impossible to make the desired comparisons except in regard to a rather limited number of commodities, and we are left in the dark as to very many of the smaller details of import. This difficulty is partially overcome by using Brazilian figures, so far as they have been published, in connection with the others. By using the export figures of the United States and European countries we can get a view of the relative growth of trade in certain great classes of commodities. From the latest Bra-

zilian import figures we can learn what proportion of different commodities, in detail, are purchased from the United States and from her rivals. The Brazilian statistics are, however, so bulky that it has seemed best not to include them in the text of this report, but to put them in an appendix. (See Appendix I.)

#### DECLINE IN EXPORTS.

The figures taken from American and European export statistics are given in the annexed tables for the two five-year periods indicated, the figures representing annual averages of domestic commodities exported to Brazil from the several countries named:

AVERAGE ANNUAL IMPORTS INTO BRAZIL OF DOMESTIC COMMODITIES.

Imported from—	1894-1898.	1899-1903.	Increase (+) or decrease (-).
			<i>Per cent.</i>
United States.....	\$13,760,000	\$11,220,000	-18.5
United Kingdom.....	32,240,000	25,710,000	-20.3
Germany.....	13,710,000	10,630,000	-22.5
France.....	13,150,000	8,600,000	-34.6
Belgium.....	3,940,000	2,430,000	-38.3
Italy.....	2,730,000	3,100,000	+13.6
Total.....	79,530,000	61,690,000	-22.4

Thus, while it is true that American exports have declined, it is likewise true that all other countries have also suffered, with the single exception of Italy. More than that, the rate of decrease in the case of the United States is less than in any other country, and we are left in a relatively better position than we held before. The truth is that Brazil has been going through a series of crises and cumulative depressions which have lessened the purchasing power of the people at the same time that domestic industries have been developing, and there is cause for encouragement in the fact that the trade of the United States suffered less than that of her competitors. The case of Italy is exceptional, the increase in her trade being due largely to the large Italian emigration to Brazil, and being confined to those sections of the country in which the immigrants have settled.

AVERAGE ANNUAL IMPORTS INTO BRAZIL OF FOOD STUFFS, PROVISIONS, WINES, ETC.

Imported from—	1894-1898.	1899-1903.	Decrease.
			<i>Per cent.</i>
United States.....	\$5,898,000	\$4,154,000	29.6
United Kingdom.....	729,000	662,000	22.9
Germany.....	615,000	586,000	4.7
France.....	2,505,000	1,470,000	41.3
Italy.....	1,365,000	1,357,000	.6
Spain.....	304,000	128,000	58.0
Portugal.....	6,357,000	5,278,000	17.0
Argentina.....	6,638,000	6,571,000	1.0
Total.....	24,411,000	20,206,000	17.2

Food stuffs at present constitute the largest import into Brazil, but are declining rapidly in amount, the average for the five years, 1899–1903, being 17 per cent less than for the preceding five years. This is due mainly to the increase in home production of maize, rice, flour, jerked beef, and certain pork products, such as the bacon of Minas Geraes. All the principal exporting countries show a marked decline except Italy and Argentina, which remain nearly stationary.

Italy's exports are maintained by the increasing consumption of rice and paste preparations; and Argentina's by the substitution of her flour in all southern Brazilian markets for that formerly imported from the United States. The importation of breadstuffs alone has remained nearly stationary, the figures being:

AVERAGE ANNUAL IMPORTS INTO BRAZIL OF BREADSTUFFS.

Imported from—	1894-1898.	1899-1903.	Increase (+) or decrease (-).
			<i>Per cent.</i>
United States.....	\$3,534,000	\$2,656,000	-24.8
United Kingdom.....	386,000	393,000	+ 1.8
Italy.....	115,000	129,000	+12.2
Argentina.....	4,420,000	5,129,000	+16.0
Total.....	8,455,000	8,307,000	- 1.7

The slight decline from \$8,455,000 per annum to \$8,307,000 per annum is due almost wholly to the increased home production of maize and the substitution of wheat importation for the former flour importations. The exports from the United States show a drop of nearly 25 per cent in value. England's, which consist chiefly of rice and biscuits, are small and nearly stationary; and Italy's (mainly rice and paste products) are increasing with considerable rapidity, but are as yet insignificant in amount. Of the large exporters, Argentina alone shows great increase, having gained 16 per cent between the two periods, a growth due almost wholly to the imports of wheat. Other large items of import from Argentina are maize, which shows a decline from \$892,000 to \$283,000 per annum, and flour, which, which has barely held its own, having risen from \$1,779,000 per annum for the first period to \$1,859,000 for the second.

## DECLINE IN PROVISIONS.

Brazil's imports of provisions show a decline of 35 per cent between the two periods. In 1894–1898 they amounted to \$6,975,000 per annum; for 1899–1903 they were only \$4,533,000 per annum. Here again the effects of increased home production are visible, the States of Minas Geraes, São Paulo, Parana, Santa Catharina, and Rio Grande do Sul having gone into the raising of meats and dairy products on a

considerable scale. The purchases from every one of the large exporting countries are declining, as follows: .

AVERAGE ANNUAL IMPORTS INTO BRAZIL OF PROVISIONS.

Imported from—	1894-1898.	1899-1903.	Decrease.
			<i>Per cent.</i>
United States.....	\$2,364,000	\$1,498,000	36.6
United Kingdom.....	263,000	171,000	15.8
France.....	1,756,000	1,045,000	40.5
Italy.....	434,000	377,000	13.1
Argentina.....	2,218,000	1,442,000	35.0
Total.....	6,975,000	4,533,000	35.0

Imports from the United States and Argentina, each of which supplies about one-third of the total, have declined about equally (36.6 and 35 per cent, respectively), while France, which is next in importance, has suffered even more. In the light of these figures it seems certain that the time is rapidly approaching when the southern and central Brazilian market for food stuffs will be all but closed to the exporters of the United States and Europe. Home production and supplies from the River Plata will fill the demand for all but certain special grades and classes of these goods. Only in the north will extra continental supplies be required, and in this section the United States holds an advantage because of geographic proximity.

#### TEXTILES.

The next most important class of goods imported into Brazil, after food stuffs, are textiles, principally cotton goods. Here again the long-continued financial depression, the poverty of the mass of the people, which has forced them to purchase cheaper grades of these goods, and the development of successful home industries, have caused a serious decline in the value of foreign purchases. The imports of cotton manufactures have fallen in value over 31 per cent, from \$17,078,000 per annum for the five years 1894-1898 to \$11,724,000 per annum for 1899-1903; of woollen manufactures, 49 per cent, from \$4,493,000 to \$2,285,000; of silk manufactures, 5½ per cent, from \$628,000 to \$593,000. There will undoubtedly be some recovery as reviving prosperity brings the purchasing power of the people back to a more nearly normal position, but whatever future growth may come must be due to increased purchases of finer grades of goods only, for the local factories have gained a foothold in the production of cheaper grades which must be regarded as permanent.

The decline of the Brazilian market for cotton goods has been felt by all of the competing countries except Italy, whose sales, though small, have increased one-sixth between the two periods. The figures are:

## AVERAGE ANNUAL IMPORTS INTO BRAZIL OF COTTON GOODS.

Imported from—	1894-1898.	1899-1903.	Increase (+) or decrease (-).
			<i>Per ct.</i>
United States.....	\$1,105,000	\$538,000	-51.3
United Kingdom.....	11,839,000	8,036,000	-32.2
Germany.....	2,363,000	1,640,000	-30.6
Italy.....	593,000	693,000	+16.9
France.....	968,000	669,000	-30.9
Belgium.....	210,000	148,000	-29.5
Total.....	17,078,000	11,724,000	-31.3

Italy's increase is due mainly to the large Italian population in the south, but partly, also, to the excellence and cheapness of her goods.

In woolen goods all the competitors have lost ground, save Belgium, whose sales are so small as to be negligible. Even Italy has decreased her sales by nearly 11 per cent. The exports of the United States are insignificant.

## AVERAGE ANNUAL IMPORTS INTO BRAZIL OF WOOLEN GOODS.

Imported from—	1894-1898.	1899-1903.	Increase (+) or decrease (-).
			<i>Per cent.</i>
United States.....	\$2,700	\$1,400	-48.1
United Kingdom.....	1,443,000	932,000	-35.4
Germany.....	1,482,000	676,000	-54.4
France.....	1,479,000	577,000	-61.0
Belgium.....	31,000	50,000	+61.3
Italy.....	55,000	49,000	-10.9
Total.....	4,493,000	2,285,000	-49.1

Silk goods show similar figures, except that both Italy and France have increased their sales (the former very largely), while those of the United States, England, and Germany have fallen off.

## AVERAGE ANNUAL IMPORTS INTO BRAZIL OF SILK AND ITS MANUFACTURES.

Imported from—	1894-1898.	1899-1903.	Increase (+) or decrease (-).
			<i>Per cent.</i>
United States.....	\$27,000	\$25,000	- 7.4
United Kingdom.....	92,000	60,000	- 34.8
Germany.....	322,000	218,000	- 32.3
France.....	119,000	151,000	+ 26.9
Italy.....	68,000	139,000	+104.4
Total.....	628,000	593,000	- 5.6

In short, the outlook for textile exports from the United States to Brazil is not encouraging. This might be expected in the case of silk and woolen goods, for our total foreign sales of these articles are so

small that we can scarcely as yet be said to be exporters at all. Nor is it surprising in the case of cotton manufactures when we remember the fact that 70 per cent of our total exports of these articles are uncolored goods, while fully 75 per cent of Brazil's demand is for colored goods and prints. Our total exports of colored cottons to all countries are scarcely equal to Brazil's foreign purchases of these goods.

#### MANUFACTURES OF IRON AND STEEL.

Turning to the next most important class of goods imported by Brazil—iron and steel manufactures—we find the United States making a better showing. Brazil's purchase, it is true, declined between the two periods we have been examining by nearly 30 per cent, and the imports from the United States declined in common with those from her competitors, but our rate of decline was slower than that of any other country, so that our share of the sales has risen. In 1894–1898 we furnished less than 12 per cent of the total; in 1899–1903 nearly 15 cent.

#### AVERAGE ANNUAL IMPORTS INTO BRAZIL OF IRON AND STEEL, AND MANUFACTURES OF.

Imported from—	1894-1898.	1899-1903.	Decrease.
			<i>Per cent.</i>
United States .....	\$1,926,000	\$1,693,000	12.1
United Kingdom .....	7,037,000	5,114,000	27.3
Germany .....	2,802,000	2,264,000	19.2
France .....	1,091,000	670,000	38.6
Belgium .....	3,269,000	1,625,000	50.3
Total .....	16,125,000	11,366,000	29.5

But while our total sales of iron and steel manufactures to Brazil have declined, there are certain classes of these articles in which we have made distinct advances, especially in rails, wire, firearms, nails and spikes, electrical machinery, printing presses, pumps and pumping machinery, typewriters, and structural iron and steel.

#### AVERAGE ANNUAL IMPORTS INTO BRAZIL OF IRON AND STEEL MANUFACTURES.

Articles.	Imported from—	1894-1898.	1899-1903.	Increase (+) or decrease (-).
				<i>Per cent.</i>
Railway rails.....	United States .....	\$15,000	\$95,000	+ 533.3
	United Kingdom .....	356,000	290,000	- 18.5
	Germany .....	133,000	58,000	- 56.4
	Belgium .....	328,000	149,000	- 54.6
	Total .....	832,000	592,000	- 28.8
Wire, iron, and steel.....	United States .....	170,000	254,000	+ 49.4
	United Kingdom .....	62,000	61,000	- 1.6
	Germany .....	275,000	253,000	- 8.0
	Belgium .....	81,000	47,000	- 42.0
	Total .....	588,000	615,000	+ 4.6
Firearms .....	United States .....	69,000	89,000	+ 29.0
	United Kingdom .....	114,000	54,000	- 52.6
	Germany .....	298,000	17,000	- 94.3

## AVERAGE ANNUAL IMPORTS INTO BRAZIL OF IRON AND STEEL MANUFACTURES—CON.

Articles.	Imported from—	1894-1898.	1899-1903.	Increase (+) or decrease (-).
				<i>Per cent.</i>
Firearms .....	France .....	\$213,000	\$140,000	- 34.3
	Belgium .....	230,000	52,000	- 77.4
	Total .....	924,000	352,000	- 61.9
Nails and spikes .....	United States .....	18,000	22,000	+ 22.2
	United Kingdom .....	56,000	39,000	- 30.4
	France .....	7,000	3,400	- 50.0
	Belgium .....	20,000	4,600	- 77.0
	Total .....	101,000	69,000	- 31.7
Electrical machinery, and parts of.	United States .....	75,000	186,000	+148.0
Printing presses, and parts of.	do. ....	3,000	3,400	+ 13.3
Pumps and pumping ma- chinery.	do. ....	13,000	16,600	+ 27.7
Typewriters .....	do. ....	6,800	10,000	+ 47.1
Structural iron and steel .....	do. ....	14,300	16,000	+ 11.9

In their sales of rails, wire, firearms, and nails and spikes, all of our competitors show a decline, while the United States has been increasing, so that our share in the total trade has risen considerably, the following figures indicating percentages of the total imports:

## AVERAGE ANNUAL IMPORTS INTO BRAZIL FROM THE UNITED STATES OF RAILS, WIRE, FIREARMS, AND NAILS AND SPIKES.

Articles.	1894-1898.	1899-1903.
	<i>Per cent.</i>	<i>Per cent.</i>
Rails .....	2	16
Wire .....	29	41
Firearms .....	7	25
Nails and spikes .....	18	32

In saws and tools, cutlery, and agricultural implements and machinery our sales have declined, but less rapidly than those of our chief competitors, so that our share of the total is increased.

## AVERAGE ANNUAL IMPORTS INTO BRAZIL OF SAWS AND TOOLS, CUTLERY, AND AGRICULTURAL IMPLEMENTS AND MACHINERY.

Articles.	Imported from—	1894-1898.	1899-1903.	Decrease.
				<i>Per cent.</i>
Saws and tools .....	United States .....	\$183,000	\$177,000	3.3
	United Kingdom .....	658,000	562,000	14.6
	France .....	53,000	a 42,000	20.8
	Belgium .....	2,300	b 1,000	56.5
	Total .....	836,300	782,000	12.7
Cutlery c .....	United States .....	29,000	25,000	13.8
	United Kingdom .....	b 182,000	b 143,000	21.4
	France .....	18,000	b 6,600	63.3
	Total .....	229,000	174,600	23.8
Agricultural implements and machinery.	United States .....	29,000	27,000	6.9
	United Kingdom .....	600,000	449,000	25.2
	Total .....	629,000	476,000	24.3

a Average annual imports for two years only.

b Average annual imports for three years only.

c Not separately stated in the German statistics.



In locomotives and sewing machines our sales have fallen off more rapidly than those of our competitors.

AVERAGE ANNUAL IMPORTS INTO BRAZIL OF LOCOMOTIVES AND SEWING MACHINES.

Articles.	Imported from—	1894-1898.	1899-1903.	Decrease.
				<i>Per cent.</i>
Locomotives.....	United States.....	\$671,000	\$120,600	82.1
	United Kingdom.....	253,000	182,000	28.1
	Germany.....	35,000	34,000	2.9
	Total.....	959,000	336,600	65.0
Sewing machines.....	United States.....	118,000	87,000	26.3
	United Kingdom.....	109,000	96,000	11.9
	Germany.....	178,000	158,000	11.2
	Total.....	405,000	341,000	15.8

The great decline in our exports of locomotives seems to be due almost wholly to the fact that in the early period the railroads got well stocked with the American machines and have not yet found it necessary to renew them.

With sewing machines the case is different, for we have suffered severely through the competition of the Germans. Our position is probably rather better, however, than appears at first sight, for many of the machines recorded as British are undoubtedly American, exported by the English branches of American houses.

INCREASE IN VALUE OF CERTAIN IMPORTS.

Other exports in which the United States made an advance in 1899-1903, as compared with the preceding five years, are leather goods, paper, scientific instruments and apparatus, explosives, paints, etc., glassware, copper manufactures, coal, petroleum, cotton-seed oil, and naval stores. We naturally have a practical monopoly of the Brazilian market for the three last-mentioned articles, and our exports increase with the growth of demand. Our sales of refined petroleum have risen 38 per cent—from \$1,421,000 per annum for 1894-1898, to \$1,961,000 per annum for 1899-1903. Cotton-seed oil has jumped nearly 56 per cent, from \$206,000 to \$321,000, in spite of the growing output of local mills, and naval stores have increased slightly, from \$261,600 to \$262,000 per annum.

Scientific instruments and apparatus have increased 46 per cent, from \$150,000 to \$219,000, and for the second period, 1899-1903, we controlled 28 per cent of the market, as compared with 24 per cent for the first period.

## AVERAGE ANNUAL IMPORTS INTO BRAZIL OF SCIENTIFIC INSTRUMENTS AND APPARATUS.

Imported from—	1894-1898.	1899-1903.	Increase.
			<i>Per cent.</i>
United States.....	\$150,000	\$219,000	46.0
United Kingdom.....	420,000	570,000	35.7
Germany.....	53,000	53,000	
Italy.....	5,400	10,800	100.0
Total.....	628,400	852,800	35.7

For the five years 1899-1903 our sales to Brazil of leather and manufactures thereof were three and one-half times larger than for the preceding five years, while all of our principal competitors decreased their sales, except Belgium, whose exports are very small. Our share in the total trade is, however, still small, being only a little over 6 per cent, and Brazilian imports as a whole are declining on account of the success of local manufacture. The best outlook for our future trade is in certain special grades of the finer kinds of boots and shoes.

## AVERAGE ANNUAL IMPORTS INTO BRAZIL OF LEATHER AND ITS MANUFACTURES.

Imported from—	1894-1898.	1899-1903.	Increase (+) or decrease (-).
			<i>Per cent.</i>
United States.....	\$32,000	\$111,000	+ 246.9
United Kingdom.....	920,000	321,000	- 65.1
Germany.....	457,000	322,000	- 29.5
France.....	1,522,000	943,000	- 38.0
Belgium.....	29,000	49,000	+ 69.0
Italy.....	15,000	14,000	- 6.7
Total.....	2,975,000	1,760,000	- 40.8

Our exports to Brazil of paper, paints, glassware, copper and its manufactures, and coal are still very small, but are growing satisfactorily, the increase between the two periods 1894-1898 and 1899-1903 being as follows:

## AVERAGE ANNUAL IMPORTS INTO BRAZIL FROM THE UNITED STATES OF PAPER, PAINTS, GLASSWARE, COPPER AND ITS MANUFACTURES, AND COAL.

Articles.	1894-1898.	1899-1903.	Increase.
			<i>Per cent.</i>
Paper.....	\$40,000*	\$73,000	58
Paints.....	6,000	18,000	200
Glassware.....	38,000	43,000	13
Copper, and manufactures of.....	2,800	25,600	814
Coal.....	73,000	159,000	118

**AVERAGE ANNUAL IMPORTS INTO BRAZIL OF PAPER AND ITS MANUFACTURES, PAINTS, ETC., GLASS AND GLASSWARE, COPPER AND ITS MANUFACTURES, AND COAL AND COKE.**

Articles.	Imported from—	1894-1898.	1899-1903.	Increase (+) or decrease (-).
				<i>Per cent.</i>
Paper, and manufactures of.	United States .....	\$40,000	\$73,000	+ 57.5
	United Kingdom .....	78,000	51,000	- 34.6
	Germany .....	701,000	651,000	- 7.1
	France .....	516,000	294,000	- 43.0
	Belgium .....	316,000	265,000	- 16.1
	Italy .....	89,000	149,000	- 67.4
	Total .....	1,740,000	1,483,000	- 14.8
Paints, etc .....	United States .....	6,000	18,000	+200.0
	United Kingdom .....	198,000	207,000	+ 4.5
	Germany .....	35,000	21,000	- 40.0
	France .....	56,000	41,000	- 26.8
	Belgium .....	104,000	102,000	- 1.9
	Total .....	399,000	389,000	- 2.5
Glass and glassware .....	United States .....	38,000	43,000	+ 13.2
	United Kingdom .....	124,000	62,000	- 50.0
	Germany .....	258,000	187,000	- 27.5
	France .....	287,000	182,000	- 36.6
	Belgium .....	152,000	111,000	- 26.8
	Total .....	859,000	585,000	- 31.9
Copper, and manufactures of	United States .....	2,800	25,600	+814.3
	United Kingdom .....	334,000	277,000	- 17.9
	Germany .....	321,000	340,000	+ 5.1
	Total .....	657,800	642,600	- 2.3
Coal and coke .....	United States .....	73,000	159,000	+117.8
	United Kingdom .....	2,735,000	3,506,000	+ 28.2
	Germany .....	49,000	30,000	- 38.8
	Belgium .....	57,000	44,000	- 22.8
	Total .....	2,914,000	3,739,000	- 28.3

In explosives, we occupied third place for the first five-year period, with less than one-fourth of the exports of our principal rival, England. But in the second period we had increased our sales by 15 per cent, to \$78,000 per annum, which was more than one-half of the English sales in the same period.

**AVERAGE ANNUAL IMPORTS INTO BRAZIL OF EXPLOSIVES.**

Imported from—	1894-1898.	1899-1903.	Increase (+) or decrease (-).
			<i>Per cent.</i>
United States .....	\$68,000	\$78,000	+14.7
United Kingdom .....	286,000	144,000	-49.7
Germany .....	74,000	44,000	-40.5
Total .....	428,000	266,000	-37.8

**DECREASE IN VALUE OF CERTAIN IMPORTS.**

On the other hand, we have incurred some serious losses in certain lines of export in which at first sight it would seem that we ought to be able to hold our own. In cordage and twines our sales have declined by 5 per cent, while those of England, our strongest competitor, have risen 13 per cent.

## AVERAGE ANNUAL IMPORTS INTO BRAZIL OF CORDAGE AND TWINES, ETC.

Imported from—	1894-1898.	1899-1903.	Increase (+) or decrease (-).
			<i>Per cent.</i>
United States.....	\$57,000	\$54,000	- 5.3
United Kingdom.....	127,000	144,000	+13.4
Germany.....	101,000	49,000	-51.5
Belgium.....	29,000	18,000	-37.9
Total.....	314,000	265,000	-15.6

In jewelry, and clocks and watches, also, we find a decline in American sales, while those of Germany and England have increased. France, which holds the lion's share of the trade, has lost heavily, too, but a considerable part of her loss has been picked up by Germany. Germany's increase seems to be due to her ability to make a good-grade article at an extremely low price.

## AVERAGE ANNUAL IMPORTS INTO BRAZIL OF JEWELRY, ETC., AND CLOCKS AND WATCHES.

Articles.	Imported from—	1894-1898.	1899-1903.	Increase (+) or decrease (-).
				<i>Per cent.</i>
Jewelry, and other manu- factures of gold and silver.	United States.....	\$64,000	\$16,000	-75.0
	Germany.....	634,000	831,000	+31.7
	France.....	4,907,000	2,302,000	-53.1
	Total.....	5,605,000	3,149,000	.....
Clocks and watches.....	United States.....	66,000	57,000	-13.6
	United Kingdom.....	2,500	4,800	+92.0
	Germany.....	19,000	30,000	+57.9
	France and Switzerland.....	304,000	168,000	-44.7
	Total.....	391,500	259,800	-33.6

In wood and its manufactures we continue to hold first place in the Brazilian market (though not in manufactures alone), but our sales have declined 40 per cent, due to the development of Brazilian supplies of hardwood timber and the springing up of a multitude of local furniture factories. Our future trade will be more and more confined to the export of lumber, principally pine.

## AVERAGE ANNUAL IMPORTS INTO BRAZIL OF WOOD AND ITS MANUFACTURES.

Imported from—	1894-1898.	1899-1903.	Increase (+) or decrease (-).
			<i>Per cent.</i>
United States:			
Wood.....	\$649,000	\$394,000	- 39.3
Manufactures of.....	90,000	50,000	- 44.4
	739,000	444,000	- 40.0
United Kingdom.....	118,000	38,000	- 67.8
Germany.....	365,000	184,000	- 49.6
Belgium.....	69,000	75,000	+ 8.7
France.....	75,000	35,000	- 53.3
Italy <sup>a</sup> .....	53,000	123,000	+132.1
Total.....	1,419,000	899,000	- 36.6

<sup>a</sup> Includes straw goods (about one-third of the total).

In chemicals, drugs, medicines, etc., we continue to hold a prominent though not the leading place. In 1894-1898 we were fourth among exporters to Brazil, being surpassed by Germany, France, and England. The last-named country has now dropped behind, and the United States occupies third place, but our sales have fallen 12 per cent, while Germany's, which are nearly three times as large as ours, have dropped less than 5 per cent.

AVERAGE ANNUAL IMPORTS INTO BRAZIL OF CHEMICALS, DRUGS, MEDICINES, ETC.

Imported from—	1894-1898.	1899-1903.	Increase (+) or decrease (-).
			<i>Per cent.</i>
United States.....	\$268,000	\$235,000	-12.3
United Kingdom.....	276,000	183,000	-33.7
Germany.....	683,000	650,000	- 4.8
France.....	443,000	376,000	-15.1
Belgium.....	40,000	36,000	-10.0
Italy.....	133,000	145,000	+ 9.0
Total.....	1,843,000	1,625,000	-11.3

And finally our sales of carriages, street cars, and cars for railways, in which we occupied first place in 1894-1898, have fallen over 77 per cent, and we now hold only third place. Brazil's purchases of these goods have declined 65 per cent, however, principally because of the growth of car shops in Rio de Janeiro and elsewhere, and the fall in American exports is only a part of a general movement and one which is sure to continue. Most of the cars built in Brazil, it should be added, are made on American models, and the bulk of the trimmings and fittings are imported from the United States:

AVERAGE ANNUAL IMPORTS INTO BRAZIL OF CARRIAGES, STREET CARS, AND CARS FOR RAILWAYS.

Imported from—	1894-1898.	1899-1903.	Decrease.
			<i>Per cent.</i>
United States.....	\$517,000	\$116,000	77.6
United Kingdom.....	483,000	251,000	48.0
Germany.....	21,300	8,600	59.6
France.....	77,000	25,000	67.5
Belgium.....	498,000	175,000	64.9
Total.....	1,596,300	550,600	65.5

These figures illustrate the strength as well as the weakness of the position of the United States in the Brazilian market. General statements as to success or failure in trade are of comparatively little value; it is only by such an analysis as has just been made that we can understand the "anatomy" of our commercial dealings and can discover what lines of trade are worth attempting to develop. In trade in certain sorts of goods which Brazil purchases it is hopeless for the

United States to attempt to compete. There are other lines in which we have already done much or may be able to get a foothold, and it is obviously the part of wisdom to concentrate effort on this latter class. Before making any more detailed examination, however, as to what goods constitute these classes it is necessary to discuss certain general questions which affect conditions in the market or favor or hinder the United States or her rivals in the competition.

### III. BRAZILIAN EXCHANGE.

One of the general questions referred to, which at once attracts the attention of the newcomer to Brazil, is the influence on trade of the unstable currency of the country—irredeemable paper money. The subject is one of the utmost intricacy, and an exhaustive discussion of it is not possible here; only the more salient features can be noted. In 1889, just after the “revolution,” exchange was for a short time at par, i. e., the value of the milreis was 27d., but almost immediately a decline began. In 1891 the average was  $16\frac{5}{16}$ d., in 1897,  $7\frac{3}{4}$ d. The fall continued until about 1899, when it reached bottom at less than 6d. Since then there has been an upward movement, at first slow and then more rapid. In January of this year (1905) exchange stood at 12d., but has since then jumped to over 17d. The daily fluctuations have at times during the past few months been as great as 0.75d.

#### EFFECTS OF FLUCTUATIONS.

The fluctuations, and more particularly the persistent rise, are exercising a profound influence on all business conditions, and it will be worth while to examine the various effects separately. First, as to the fluctuations. Brazil is a country in which all sorts of games of chance and all kinds of gambling seem to be especially alluring to the people, and the conditions now existing have given sudden impetus to the already prevalent practice of speculating in currency. Men are turning their attention from the more legitimate commercial activities to the taking of chances on the rise or fall of the exchange market. Even in the more ordinary transactions of purchase and sale, wherever time elapses between the making and the fulfillment of the contract, the same element of chance is introduced and a feverish tone is given to all commercial dealings. Of course, this fact in itself is nothing new in Brazil, where exchange has been at par only once in several decades, but present conditions are accentuating the difficulty and rendering legitimate business somewhat hazardous. One is reminded of the conditions in the United States after the civil war and before the resumption of specie payments. The effect on import trade lies in the fact that the importer, in estimating the price he can afford to pay for foreign goods, is forced to allow a large margin to cover contingencies of exchange fluctuations, and fine distinctions as to cost in

those lines of goods in which competition is close are rendered impossible. Under such conditions the importer naturally orders his goods in those countries from which he can get quickest delivery, and these are England and Continental Europe.

Thus the more important effects of the fluctuations of exchange seem to be the speculation introduced into ordinary business dealings and the uncertainties added to the import trade. The results of the rise in the value of the milreis are quite different but are even more far reaching. Their nature depends upon the character of the business affected, and must therefore be examined in detail.

#### RISE IN EXCHANGE LOWERS FIXED INCOMES.

The purely local dealer, i. e., the man who receives his income in milreis and whose expenditures are also in milreis, is little affected and only indirectly. To him a milreis is a milreis and nothing more or less. He cares but little whether it happens to be quoted in London at 6d. or 16d. But to the man who receives his income in sterling or other foreign values, and whose expenditures are in milreis, or the man whose outgo is in foreign values while his income is in milreis, it becomes a very vital matter. To illustrate (and I take these illustrations from actual cases which have been quoted to me), most of the employees of foreign-controlled enterprises, in banks, railroads, mills, etc., representatives of foreign governments, etc., receive their salaries in terms of the money of their home countries usually fixed on the basis of supposed stable values of the milreis. The most usual of the supposed stable base values of the milreis seems to be, so far as I can learn, 10d. So long as the values of the milreis did not exceed this 10d. there was no injustice, but the moment exchange rose higher the man's real income was diminished. Supposing his salary to be \$200. At 10d. to the milreis he was able to convert this into 1,000 milreis with which to pay his current expenses. With exchange at 16d. instead of 10d., his \$200 produces only 625 milreis, while all retail prices, and hence his current expenses, remain almost exactly what they were before. Thus, while his income remains nominally unchanged at \$200, it has really been reduced by nearly 40 per cent. I have heard of these facts in so many different quarters that there can be no question as to their reliability. In eight years' time, since 1897, the value of the milreis has risen from about 7d. to over 17d., and yet house rent, servants' wages, hotel rates, and retail prices, except on certain imported goods, have remained virtually unchanged in milreis.

#### FOREIGN TRADE DISTURBED.

If this condition of affairs affected salaried persons only, we might dismiss the subject here as being of rather insignificant importance as concerns the real economic activities of the country. But the effects



go deeper and threaten to disturb seriously the foreign trade. It is said, for example, that the coffee producers have been seriously affected. They depend almost wholly on a foreign market; the price of their crop is fixed, not in Brazil, but in Europe, and their income is virtually in sterling. Their expenditures, on the other hand, are mainly, like the foreign bank manager's, or the telegraph employee's, payable in milreis. If wages, transportation rates, taxes, etc., fell as the price of the milreis rose, the producer's position would remain unchanged, but unfortunately for him they do not, and his outgo remains the same while his income is decreased. His sterling income buys fewer milreis, but he has to pay out just as many of them as before in order to produce his crop. Of course, in time wages and rent and retail prices, etc., would become adjusted to the increased value of the milreis, but such a process is always an extremely slow one even under the most propitious circumstances, and under the conditions existing in Brazil, where there is a possibility that the present high value of the milreis will not be maintained, such an adjustment must be a matter of many years. Meantime business suffers.

#### LOCAL INDUSTRIES AFFECTED.

In the case of local factories which are competing with foreign imported commodities, still another element enters in. Take, for example, the cotton mills. At the former charges for rent, wages, taxes, etc., and with a customs tariff which amounts to about 100 per cent ad valorem, they were able to build up enterprises which competed successfully with English and European concerns at least in the manufacture of the coarser grades of goods. Now their normal position is unchanged, their income in milreis is unaltered (they sell for milreis in the local market at the same prices as ruled before), and most of their expenses, being in milreis (for rent, wages, taxes, transportation, etc.), are also unchanged; but the position of their foreign competitors is no longer what it was, for the prices at which they can now sell their goods in Brazil in milreis are convertible, at present rates of exchange, into more than the former equivalent in pounds and dollars. A yard of cotton goods formerly selling at 300 reis still sells at the same price, but on the 1st of January this year those 300 reis were worth only 7.2 cents in the money markets of the world, while to-day they are worth 10.5 cents. The local mills can not reduce prices so long as their fixed expenses remain the same, and the foreigner can step in and undersell them.

#### OPPORTUNITY FOR ADVANTAGEOUS SALES.

It has sometimes been stated that the rise in exchange increases the protection which the Brazilian tariff affords the local manufacturer, and that the effects just mentioned are thus offset. The fact is quite

the reverse. The rise in exchange, though it does increase the revenue of the Government, really decreases the amount of protection by enabling the foreigner to reduce his prices and yet make the same or even greater profit than before. Thus it has happened before, in periods of rapidly rising exchange, that the local factories have suffered, and the same process is now going on. During the time that I was in Bahia, a German traveling agent, taking advantage of these conditions, was able in a few days' time to make sales of cotton goods to the value of some 30,000 marks, in direct competition with the local mills.

If the high value of the milreis continues for a considerable time, and especially if it should be made permanent by the adoption of a gold standard (as there is some talk of doing) the local prices of course will adjust themselves to the new conditions and the advantage to the foreign producer will then disappear. The present condition must be regarded as more or less temporary, but it nevertheless offers an opportunity for exporters in the United States anxious to extend their business to put their goods on the Brazilian market at what will appear to the consumers as low prices, and thus make connections which may persist even after retail prices in Brazil return to their normal level.

#### IV. BANKING FACILITIES.

In seeking for information as to banking facilities in Brazil and the influence they have upon the competition for the import trade, one is struck first of all by the great diversity of opinion which exists. It is well known that there are no American banks in Brazil, while there are several large English ones and some German and Italian. It is claimed by many, both in Brazil and the United States, that this lack of banking facilities operates as a serious handicap to American exporters, while others are equally confident that an American bank could offer no facilities which the present banks do not already give. The fact that men of equal experience in Brazilian business hold diametrically opposite opinions on such an important question renders it necessary to make a more detailed examination.

To do this it is necessary, first of all, to note the methods by which payments are made for imported goods. There are at least five different ways of conducting the business, and these differences in method probably account for the variety of opinions as to the necessity for American banks. These five methods may be described briefly as follows:

1. The exporter from Europe or America after shipment of his goods draws at from ninety to one hundred and twenty days on the Brazilian importer's London account and then discounts the draft or deposits it for collection with his own bank.

2. The exporter draws directly against the importer in Brazil and discounts the draft at his home bank.

3. The exporter draws directly on the importer and deposits the draft for collection.

4. The importer (in Brazil) upon receipt of the bill of lading, or of the goods, or at the time of making his order, buys a New York or London draft from his bank here or draws on his letter of credit, and remits to the exporter.

5. Exporters from Brazil having credits in the United States, by private arrangement with importers from the United States, transfer these credits to the latter who thus effect a payment without the use of the ordinary banking machinery.

#### RELATIVE UTILITY OF THE SEVERAL METHODS.

The use of one or the other of these various methods in particular transactions obviously depends upon many considerations, such as the size of the business, its frequency and regularity, the time allowed for

payment, the credit of the importer and of the exporter, etc. Many large, long-established, well-known importing houses use the first of the above methods, and men connected with such concerns and having many years' experience in importing from both Europe and America laugh at the idea that the question of ownership and control of the banking machinery cuts any figure at all in determining the source of imports. Such importers make no remittances direct to New York in payment for American goods. The American exporter, as already stated, simply draws against the importer's London account and all the importer has to do is to see that when the draft matures the credit is in London to meet it.

Many larger houses also make use of the fifth of the above methods, which is simply a disguised banking business, and they, too, of course, find no necessity for the creation of American banks.

#### DISADVANTAGES TO AMERICANS.

With smaller concerns and in smaller transactions, however, especially in sales which are more casual in character and not repeated at regular intervals, some one of the other three methods of payment must be employed, and in such cases there is reason to believe that some difficulties stand in the way of American exporters. For example, I am told that American exporters to smaller houses here often use the second of the methods mentioned above and sometimes the fourth. English and German exporters, on the other hand, when dealing with smaller concerns here, are more often able to use the second method and thereby gain some advantage over the American. English and German banks having branches here, or at least direct connections with banks here, may find it safe to discount drafts against Brazilian importers, while a New York bank, lacking such connections, will usually receive them only for collection. The American exporter, therefore, is obliged to wait longer for his money.

With the fourth of the above methods, too, there is some disadvantage to the American exporter, for, trade balances being as they are, London drafts are necessarily cheaper in Brazil than New York drafts.

#### SMALL HOUSES HANDICAPPED.

From what has been said it will be seen that there is undoubtedly a certain disadvantage to American exporters resulting from the lack of American banks in Brazil. But there seems to be some question as to whether the results are so far-reaching as is sometimes supposed. The handicap apparently affects only smaller concerns and smaller transactions. In the larger affairs there seem to be no complaints. The question of the aggregate importance of the disadvantage resolves itself, therefore, into the further question as to the relative amounts

of trade involved in the larger and the smaller dealings. In Pernambuco a large proportion of the import trade is in the hands of a few large houses. In Bahia, on the contrary, large importers are the exception and most of the retailers buy their supplies directly from the travelers of American and European houses. In Rio de Janeiro, which does by far the greater part of the trade of the entire country, the proportion of small to large transactions is inconsiderable. On the whole, the conclusion must be reached that the absence of American-controlled banking machinery in Brazil does not directly militate against our commercial success in any very considerable degree.

There are, however, certain indirect results which would flow from the establishment of American banks in Brazil, which are a necessary part of the whole question. In a country where there are no "mercantile agencies," the banks become the most important source of information as to the financial standing of business houses. The European exporter, through his home bank, which has its branch or its connection in Brazil, can get such information more readily than the American, whose home bank is in far less intimate touch with Brazil. The American exporters, as a whole, are therefore forced to rely to a greater extent than their European competitors upon the judgment of their travelers or resident agents. The result is an unwillingness to give credit, which is hampering our trade in many ways.

#### AMERICAN PRESTIGE REDUCED.

Again, the absence of American banks, like the lack of American steamship lines, seriously reduces the commercial prestige of the United States in Brazil. The people do not understand why it is that a country which claims to be the largest of exporting nations, and comes to the Brazilian door knocking for admission, can be so backward in banking and shipping, which to them seem to be all-important manifestations of greatness and power. Argument is useless. The average Brazilian is convinced that the United States can not be commercially as great as England or some of the continental countries. If she were, she would have banks and ships. American banks would also unquestionably facilitate the investment of American capital in Brazil, particularly the larger investments—for harbor works, city improvements, railways, etc.—and such investments in turn would stimulate our trade.

#### AMERICAN BANK WOULD BE PROFITABLE.

I have spoken thus far solely of the effects upon trade of the establishment of an American bank. Quite another question is that of the profitableness of such an enterprise. On this point there is far less difference of opinion, the majority of Brazilian business men best acquainted with conditions being confident that such a bank would

succeed from the outset. The total movement of trade between Brazil and the United States amounts to some \$80,000,000 per annum, imports from the United States being \$10,000,000 and exports about \$70,000,000. Even if the business represented by the large excess of exports over imports, \$60,000,000, should continue to be done through London, as is probable, the remaining \$20,000,000—the \$10,000,000 imports and the \$10,000,000 exports which balance that amount—could readily be the basis of a direct exchange business between the two countries. In fact, as already stated, some of the large coffee firms already do a banking business of this sort semiprivately. A bank properly managed could probably offer greater facilities and get the business.

But there is far more that a properly equipped new bank could do. The present so-called banks in Brazil are scarcely such in the broadest sense of the term. Their business is almost wholly confined to dealings in exchange; their discount business is very small, and current deposit accounts are the exception rather than the rule. In short, the banks do but little to assist in the purely domestic business of the country in the multitude of ways so familiar in the United States. The movement of the crops, the transfer of money from section to section, and similar services, are all performed in other and less satisfactory ways. Even the limited business of this sort now done by the banks is complained of as being most unsatisfactory because of their hidebound conservatism of method.

Discussion of the subject with many merchants and leaders of enterprise in Brazil, Americans and others, has led me to believe that an American bank, or an express company, combining express, exchange, discount, and deposit business under properly conservative management, would meet with immediate and marked success. It would handle the banking business for the bulk of American export trade to Brazil; would finance the American investments, which are beginning to assume large proportions in the country; would facilitate and make profit from the handling of the staple crops, and build up a large express and exchange business between the important commercial centers of the country, besides facilitating many purely local transactions. Such a bank should, of course, imitate the large European banks by extending its business not merely to the important centers of Brazil, but to the River Plata, and possibly to other South American countries.

## V. SHIPPING FACILITIES.

One of the most important questions that arise in connection with Brazilian trade is the influence upon our exports of the relatively inferior steamship service between the ports of the United States and those of Brazil. It is an old question, one to which much attention has been given for years past, and in nearly every discussion of it the conclusion has been either assumed or deduced that the inferiority of the service is a serious handicap to our exporters, and that the establishment of direct lines of large and fast steamers would bring an immediate increase in our export trade. There are, however, grave reasons for doubting whether such an improvement in the service would cause any immediate results of the sort predicted.

### EXPERIENCE OF OTHER NATIONS.

I find many of the largest and most experienced importers in Brazil, men who deal in goods from both the United States and from Europe, inclined to ridicule the idea that American exporters are in need of greater facilities. They claim that they never have any difficulty in getting all the goods that are demanded from New York quite as readily as from London, Liverpool, or Hamburg, and that the steamers are small and the service poor because there is little freight offering, and not vice versa. And the experience of those countries that control the bulk of the transportation to Brazil is confusing. The statistics show that in the past ten years some of the countries of Europe which have made the greatest effort to stimulate steamship facilities between their ports and those of Brazil have been the least successful in holding their Brazilian trade. The figures are as follows, stated in periods of five years, and representing annual averages:

AVERAGE ANNUAL IMPORTS INTO BRAZIL FROM VARIOUS COUNTRIES.

Country.	1894-1898.	1899-1903.	Increase (+) or decrease (-).
			<i>Per cent.</i>
United States.....	\$13,760,000	\$11,220,000	-18.5
United Kingdom.....	32,240,000	25,710,000	-20.5
Germany.....	13,710,000	10,630,000	-22.5
France.....	13,150,000	8,600,000	-34.6
France (special).....	20,370,000	12,630,000	-38.0
Belgium.....	3,940,000	2,430,000	-38.3
Belgium (special).....	6,710,000	4,210,000	-37.3
Italy.....	2,730,000	3,100,000	+13.6

In short, the countries of Europe, as well as the United States, have lost ground in Brazilian trade in the last ten years, with the single exception of Italy, but the decline in the case of the United States is smaller than in any other. We show, therefore, a relative improvement. England, which controls the bulk of the transportation facilities, and Germany, which has been making persistent efforts in favor of her direct lines of communication, have both experienced a falling off in trade greater than that of the United States, while France, with one of the largest lines running to these ports, has lost over one-third of her trade in the same period. Italy alone shows an increased export, and her success can be much more readily explained by other facts to which I shall allude in another place than by the existence of her direct lines of steamships.

#### INFLUENCE OF DIRECT LINES.

In the face of such figures it is far from safe to assume, without further evidence, that the establishment of direct lines of steamers from the United States to Brazil would, in itself, greatly stimulate our export trade, and a more complete analysis of the situation becomes necessary. The question is a complicated one, but it readily divides itself into two considerations—the influence upon American trade of (1) the lack of transportation facilities and (2) the lack of mailing facilities. And these two must be considered separately.

#### FREIGHT FACILITIES AND RATES.

First, then, is there an insufficiency in the amount of freight accommodation offered to American shippers to Brazil, or does the irregularity of sailing and the uncertainty as to exact date of arrival place any serious obstacle in the way of our exporters?

The only way to answer these questions is to get the opinions of men who have had actual experience here in importing goods both from the United States and from Europe, and such opinions I have sought to obtain. I have not met with more than one or two complaints as to the amount of freight accommodation available, nor have I been able to learn of any important instance in which an order went to Europe rather than to the United States because such accommodation was lacking. Not only does it appear certain that there is sufficient freight space constantly offering to regular shippers, but that the rates are as low as could be expected in view of the rather limited amount of our exports as compared with those of England, for example. It is commonly asserted that freights from England or the European countries to South America are lower than from the United States, the difference in favor of Europe being placed as high as 25 or 30 per cent. The information I have been able to gather only partially confirms this statement.



The published rates of steamship lines engaged in South American trade throw but little light on the subject. Virtually all steamers except "tramps" are run by lines which belong to the so-called "conference," and their freight schedules show but little if any difference between the rates to Brazil from New York, London, Southampton, Hamburg, or Bremen. But on a considerable number of goods the rates are "open," and the private agreements between shipper and carrier on these goods may give some preference to European goods. There is also a system of "reduced rates" on large shipments, which probably at times operates so as to give a slight advantage to Europe.

The "open" rates are on casks dismounted (hoops and shooks), coal, explosives (10 tons and upward), flour, government cargo, locomotives, railway carriages and wagons, telegraph and telephone cable (if coiled into vessel), tram cars, wagons, wheels, and axles.

The "reduced rates" are:

Two shillings and sixpence less per ton on the following articles for quantities not less than 100 freight tons by one steamer and on one bill of lading: Bottles, empty, and paper in bales and reels.

Two shillings and sixpence less per ton for quantities not less than 200 freight tons by one steamer and on one bill of lading, on rice.

Two shillings and sixpence less per ton on the following articles for quantities over 100 freight tons and up to 200 tons by one steamer and on one bill of lading: Bricks, loose; bridge work; earthenware drain pipes; girders; glassware, hollow; pig iron; machinery; paving and flag stones; rails and fastenings, like bolts, nuts, fish plates, switches, and crossings; railway cable; railway iron chairs; railway material, portable; telegraph material, timber; wood shavings; empty boxes for matches; undipped sticks for matches.

Two shillings and sixpence less per ton on the following articles for quantities over 200 freight tons and up to 400 tons by one steamer and on one bill of lading: Cement, coin, nickel and bronze, iron pipes and tubes, manure, military equipments, phosphate of lime, and superphosphates.

As Europe is the largest shipper to Brazil of most of these articles, and as the system of "pooling" shipments by combining many small orders in the hands of an export commission house is more in vogue in Europe than in the United States, it is probable that a larger share of Europe's exports get the benefit of these reduced rates than is the case with American exports. In the great majority of cases, however, in which Europe may get this advantage, the reduction of 2s. 6d. is so small a percentage of the total cost of the goods that the practical results of the reduction must be almost a negligible quantity. As to "open" rates, there seems to be no way of determining what advantage, if any, the European shipper gets.

#### AN ADVANTAGE FOR OUR COMPETITORS.

There is another method by which certain of our competitors are gaining an advantage which is having more serious consequences—by granting reductions on local coasting freights in Brazil to ports not

reached directly by the trans-Atlantic steamers. The coasting trade of Brazil, as is well known, is confined to vessels flying the national flag and owned and controlled by companies at least 51 per cent of whose directors are Brazilians. For many years the bulk of this coasting trade has been in the hands of one large Brazilian company, though there are other smaller ones also. The service has been poor and the freights exorbitant. The freight, for example, from Rio de Janeiro to Rio Grande do Sul is said to be about equal to that from New York to Rio. Besides this the delays in transshipment from the trans-Atlantic steamer to the coasting boats, whose time-tables are arranged in disregard of close connections, have been excessive.

#### GERMANY SECURES LOCAL LINES.

Sometime ago, however, a group of German steamship men and exporters determined to remedy the evil, so far as their own interests were concerned, by putting on a local line of their own to run from Rio to the small ports of the south not reached by the trans-Atlantic boats. This line, known as the "Cruzeiro do Sul," was, of course, established in conformity with Brazilian law, and is legally a Brazilian line, but the real control is in the hands of the Germans. By making through rates on German goods from Hamburg or Bremen to the southern ports of Brazil, such as Paranagua or Rio Grande do Sul (by agreement with the Cruzeiro do Sul), the trans-Atlantic German steamers are able to deliver the goods for a sum which is less than the "conference" trans-Atlantic rate plus the ordinary local rate. Thus, without any apparent violation of the "conference," German goods are delivered to the ports mentioned at rates less than those which other goods are forced to bear. It is probable that some of the recent increase of Germany's export trade to Brazil may be attributed to this cause.<sup>a</sup>

There has recently appeared in the Brazilian papers the confirmation of a rumor which has been in the air for months, which seems to indicate that American traders are about to follow the example set them by the Germans. It is said that a company partly, at least, financed by Americans has purchased the large Brazilian coasting line mentioned above, the Lloyd Brasileiro, and will operate it in connection with a line running to New York.

#### DEFINITE FIGURES.

It does appear to be true then that rates from Europe on some classes of goods and to certain ports of Brazil may be somewhat lower than from the United States. The question as to the amount of this

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<sup>a</sup>A similar German line runs from Rio de Janeiro to the more northern ports.

difference is an even more difficult one, but with the courteous assistance of the chief of the Brazilian bureau of statistics I have succeeded in getting some definite figures which throw a good deal of light on it. These figures indicate that except as regards certain goods shipped in large quantities our freights are almost the same as the English or German, and in some cases are even lower. They are taken from sworn statements contained in the consular invoices, and, while there may be a considerable percentage of error, there is no reason to doubt their substantial accuracy. I state them in terms of percentage of the value of the goods.

COST IN PERCENTAGE OF THEIR VALUE OF GETTING SPECIFIED GOODS FROM THE PORT OF SHIPMENT TO THE CUSTOM-HOUSE IN BRAZIL.

[Includes freight, insurance, and incidental expenses.]

Articles.	England.	Germany.	United States.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Machines, tools, and utensils of iron and steel.....	12.2	11.4	12.0
Rubber goods .....	6.4	.....	6.7
Hams.....	18.0	.....	21.1
Iron and steel, and manufactures of .....	16.9	16.1	16.6
Glass, porcelain, etc.....	25.2	28.9	27.4
Cotton manufactures.....	6.9	6.7	9.9
Coal, coke, etc .....	73.3	126.3	133.3

These figures, incomplete as they are, seem to disprove the common assertion that freights from Europe to Brazil are much lower than from the United States. General iron and steel goods, machinery and utensils, rubber goods, and glass, porcelain, etc., show nearly the same rates from the three countries. The differences in favor of one or the other are so slight that they may easily be accounted for as due to errors in the statistics. At any rate they can be of no importance in determining where the goods shall be purchased. On the other hand, hams, cotton manufactures, and coal seem to be brought from England and Germany considerably more cheaply than from the United States, the difference being due probably to the fact that the larger shipments from trans-Atlantic countries get special rates. This is especially apparent in the case of coal from England. England's advantage in regard to hams also helps to account for a peculiarity of the imports of these products in Brazil—the "indirect" importation from the United States via England.

SHIPMENTS FROM NEW YORK VIA ENGLAND.

These goods, shipped from New York to England and reshipped to South America, reach the Brazilian markets at a cost but slightly in excess of what they would have borne if they had come direct. Nearly 50 per cent of the hams of declared American origin go via England, and their value, *c. i. f.*, upon reaching Brazil averages 17.2 cents per pound. The other 50 per cent, which go direct, have a value, *c. i. f.*, upon

reaching their destination, of 17.1 cents per pound. These hams, which are shipped via England and constitute 50 per cent of the imports of hams of acknowledged American origin, are, it must be remembered, those only which are actually declared in the consular invoices to have been produced in the United States. There is every probability that far greater quantities of the American goods go to England, are there repacked, and are then reexported as of English make. The exact quantity of American hams thus "Anglicized" there is no possibility of determining, but it is generally conceded to be very large. The lower freights from England on this particular class of goods stimulate such indirect trade, but it is very likely that the process would continue even if American freight rates were considerably lowered. The supposedly English goods seem to enjoy a certain prestige and are able to command better prices in the market. Even some of those products of the United States which enjoy lower freights by the direct route than by way of England go to Brazil by the roundabout route. The consular invoices show, for example, that in the three months, July, August, and September, 1904, there were received in Brazil rubber goods of declared American origin valued at \$11,600. Of these 9 per cent went by way of England in spite of the fact that the freight from England to Brazil was the same as from New York and the goods had to bear the additional expense of transportation from New York to England. Likewise 2 per cent of the declared imports from the United States of machines, implements, and utensils were shipped to Brazil via England during the same months, although the freights from New York were actually a little less than from England.

#### VALUE OF FREQUENT AND REGULAR SERVICE.

The question of the frequency and regularity of the freight service and the mails from the United States is quite distinct from the question of rates, and on this point I have found great divergence of opinion. The facts as to the service are well known, and have been so frequently commented on in the consular reports that I need not repeat them here. Suffice it to say that the service from Europe is carried on by large and fast steamers, thoroughly equipped in every way for freight, passenger, and mail business, running on accurate schedule time, and giving regular communication between Brazil and Europe, in each direction, at least six times per month; while the steamers from the United States are small and slow, have only inferior accommodation for passengers, and, with the exception of a single sailing each month (the Lamport & Holt Line), are more or less irregular as to time of departure and arrival. It is thus often possible to get much quicker delivery of an order from England or Europe than from the United States.

## VALUE OF QUICK MAIL SERVICE.

The results of this inferiority of the American service I find depends upon the size and nature of the particular business affected. Large wholesale dealers and commission men who import in considerable quantities at a time, and whose orders are usually for standard grades and sizes of goods, tell me that they suffer no inconvenience. Their orders go by cable and are thus independent of the mails, and by timing them carefully they can get the goods shipped promptly from the United States on one of the steamers whose service is regular and certain. With smaller dealers and smaller orders, as well as in all larger orders where full and specific instructions have to be given as to sizes, shapes, and weights, and grades of goods, the mails must be used, and I have met with many complaints as to the inadequacy of the service. I have heard of instances in which it took twice as long to get such orders from the United States as from Europe. As the United States is entering a comparatively new market, in competition with older countries whose goods have been long established in the field and have fixed themselves in the esteem of the people, a great deal of her trade must be in commodities of the sort just mentioned, made and shipped in such fashion as to conform with the customs and prejudices of a market already established by her rivals. Consequently, in a very large part of our Brazilian trade the mails are an important factor, and there can be no doubt that many orders which might otherwise go to our manufacturers go to Europe instead. In short, while there appears to be ample freight accommodation to meet the requirements of American export trade to Brazil at the volume at which that trade stands to-day, the same can not be said as to the mail service. This latter is very inadequate, and its improvement would stimulate our trade.

## THE FLAG CARRIES PRESTIGE.

I find, also, a general consensus of opinion that the mere appearance in Brazilian ports of steamships carrying the American flag would do much to help convince the people that American trade connections are worth cultivating. At present our flag is never seen here except on an occasional warship, or private yacht, or an out-of-date sailing vessel. The mass of the people scarcely know that such a country as the United States exists, and those who do know it, most of them, have but the dimmest notion of the vast economic activities of our people. It is a market peculiarly sensitive to notions of fashion and prestige. Most of the population, all except the very few who have traveled in the United States, have exalted ideas as to the greatness of England, France, and Germany, and the "fashionableness" of using commodities produced in those countries. There is not the slightest question

that these impressions are deepened by visible illustration of the superiority of European merchant marine in Brazilian ports.

There is still another argument in favor of the establishment of direct lines of large, fast steamers between the United States and Brazil—the effect which it would have on tourist travel. Brazil is too little known in our country; a closer knowledge of its people and its wonderful resources would be a powerful stimulus to commercial relations. But under present conditions the traveling public desirous of first-class accommodation have to go to South America via Europe at an additional outlay of time and money and the annoyance of a transfer to a new steamer in the European port. Similar service on direct lines running from New York to Rio de Janeiro and other Brazilian ports would induce many of our business men and capitalists to make their holiday excursions southward instead of eastward or westward, and personal knowledge of the possibilities lying dormant in Brazil would bring tangible results in the form of investments or stimulated trade.

#### IMPROVED MAIL SERVICE NEEDED.

Such are the facts. The question of remedies it is scarcely within my province to discuss. It seems certain, however, that present freight facilities are adequate to the business now done and that if business were to grow the shipping world would respond to the demand. Whatever argument may be advanced in favor of the establishment of new lines at present must be based, not on the necessity for greater transportation facilities, but on the demand for improved mail service and the probability of indirect results such as have been mentioned. New lines established now would have to be run at a loss for a time; of this there can be no doubt.

But there is one direction in which improvement might be effected even under present conditions. Mails from New York appear at present to be sent out indiscriminately by the first steamer which happens to sail for South America without consideration as to when that steamer is likely to reach her destination. A single case will illustrate what I mean. On June 13 I received letters, in Rio de Janeiro, which left New York on May 15. On June 20 I received other letters which left New York about May 12, but by a slow cargo steamer which stopped at many ports en route and finally transferred her mails to a coasting steamer at Pernambuco; in private correspondence such irregularities are merely annoying; in business affairs, where haste is an important factor, they are distinctly injurious. If the post-office authorities could see their way to selecting steamers which are scheduled to reach the destination soonest, even if the mails at times have to go to South America via England, some improvement would be effected.

## VI. TRADING METHODS.

Many sweeping criticisms have from time to time been made as to the methods employed by the exporters of the United States to introduce their goods into South American markets, and the subject is of such importance as to demand somewhat extended examination. Like all the other questions thus far considered, this is a complex one, and general statements are apt to be misleading, for the excellence or the inadequacy of any particular method of doing business obviously depends upon the nature of the commodities involved, the size of the trade, the credit of exporters or importers, and, to a certain extent, their nationality. I shall confine myself to an enumeration of the methods employed by American exporters, adding comparisons with those of other traders, and comments as to their efficiency.

### CATALOGUES ACCOMPLISH LITTLE.

(1) Many firms are content with the mere sending out of circulars, either directly to importers or through the consulates. In some cases these circulars are translated into Portuguese, and the weights, measurements, etc., given in terms of the metric system. In the majority of such cases, however, even this slight attention to the peculiar needs of the Brazilian market is omitted; the circulars are printed in English, and the English system of weights and measures used. In any case there can not be the slightest doubt that the sending of circulars, in the vast majority of instances, is utterly useless, and results only in the waste of postage and stationery. Some of the old-established exporting firms, whose brands of goods are already well known in these markets, may possibly be able to employ circulars with a little success, but such established firms are mainly English and European. For Americans, with one or two insignificant exceptions, they are of no value whatever.

### AMERICAN TRAVELING AGENTS.

(2) The sending out of ordinary commercial travelers. Here again the "prestige" which certain classes and "nationalities" of goods enjoy in the Brazilian markets, plays a most important part. The American traveler, as a rule, even if he is as well equipped in every way as his English or French competitor, is handicapped. The market is peculiarly conservative both as to the character of goods demanded

and the introduction of any novelties of method, and the casual American traveling agent can make but little headway. This would be true even if the American travelers were, as a class, as efficient men as those sent over from Europe. As a matter of fact they are by no means so efficient. There are numerous and striking exceptions, of course. I am speaking of the average. During my stay in Brazil I came in contact with agents of all nationalities. I had also many conversations with merchants with whom they deal, and the opinion has been forced upon me that the American agents are not men of as high grade as those from across the Atlantic. The best of such agents are undoubtedly the Germans, and I can perhaps best illustrate the shortcomings of the Americans by describing the merits of these rivals. In the first place, the best men are expert linguists. They can converse with equal fluency in English, German, French, and Portuguese. For parts of South America outside of Brazil Spanish is, of course, also necessary. This is a point whose vital importance can not be too strongly emphasized to American exporters, and it is growing daily more important. Not many years ago the bulk of the import trade of Rio de Janeiro (and Rio's imports represent over 40 per cent of the total foreign purchases of Brazil) was in the hands of resident English merchants, and an English-speaking agent might hope to do business with them. But there has been a gradual change, and the import trade is to an increasing degree in the hands of Portuguese and German houses. And as to Brazilians proper, the majority of those who are familiar with any language besides their own talk French rather than English. I have heard of cases in which American agents attempted to deal with these foreign importing houses by employing interpreters. The futility of such a method needs no comment.

In the second place, I find the best German agents are technical experts in the lines of goods which they represent. It should always be remembered that American exporters, like the German, are the attacking party in the competition for South American markets. The field has for many years been in the possession of the English and to a less degree of the French, and the newcomer is obliged to meet long-established customs and prejudices. This he can only do by catering in all minute details (many of them seemingly absurd) to the peculiar tastes of his customers. To do this properly the agent must know exactly what his principal can do in the manufacture of new grades, sizes, weights, shapes, and colors of goods, or in changes in manner of packing. He must be able to figure accurately what each innovation will cost his firm, and what prices he can therefor quote. I have heard of far too numerous instances in which an American traveler, after getting an order by dint of long persuasion and by agreeing to have



some slight change made in the goods, has had his agreement with the importer repudiated by his principal. The annoyance and delay caused to the importer by a single case of this sort may undo all the good accomplished by months of patient effort. I met recently a German commercial traveler who has for years been selling cotton textiles in South America. In addition to his perfect familiarity with five or six languages and his long experience as a "traveler," he had had a thorough training in one of the great technical schools for spinning and weaving at home. Men of this sort may at times make the mistake of accepting orders which their firms can not fill, but they are not very likely to do so.

#### CHEAP MEN AND INFERIOR SERVICE.

To get men of this caliber is not altogether an easy matter, and of course the inducements offered in the way of salaries must be considerable. I am credibly informed that men of this class sent out by German firms are paid the equivalent of \$300 per month, plus a commission on their sales, and are allowed traveling expenses without specific limit. It unfortunately seems to be the rule that American exporters are unwilling to incur so great expense as this. They send cheaper men and get inferior service. I have heard of men being sent out at \$100 per month, with no commission, and with an allowance for traveling expenses of only \$5 per day. It should be added, however, that a change is at present going on in this respect, and some of the very best men I have met have been sent out in the interests of American firms. It is greatly to be hoped that all of our exporters will realize the utter futility of sending any but the most efficient travelers even if the expense does seem large at first. If the trade is to be captured at all it must be at the expense of a good deal of time and money.

#### RESIDENT AGENTS NECESSARY.

(3) The usefulness of the ordinary commercial traveler, no matter how thorough his equipment may be, is, however, confined to those lines of export trade in which well-known brands of goods are involved. So far as American export is concerned these classes of goods are rather few in number, for, as already mentioned, the bulk of the trade is already in foreign hands. The introduction of new goods absolutely requires the continued presence in the markets of agents whose duty and interest it is to push sales persistently and patiently. These men must know the language and the people, their customs, prejudices, and peculiar tastes; they must advertise, display, and even distribute samples of their goods. They must be always on the spot to demonstrate the superior quality or cheapness of the articles they

are seeking to introduce. If it be a bit of new machinery or similar article, they must be able to give instructions as to its use, and must be able to make repairs if necessary. I have heard of a German typewriter agent who has been most successful through attention to this last detail.

#### SEVERAL WAYS TO MEET REQUIREMENTS.

There are several conceivable ways of meeting the requirement of having resident agents on the ground, and I find that there are three distinct methods employed—the appointment of some resident firm as a simple “agency,” the appointment of a local firm as a “sole agency,” and the sending out from home of a special resident agent. The first of these seems to be open to very serious abuses, which, in many cases, at least, render it almost useless. There are well-known cases in which firms advertise extensively as agencies of American houses and actually have appointment as such, without making the slightest apparent effort to push American goods. In passing along some of the principal retail streets of such a city as Rio de Janeiro one can see shops whose owners advertise as “agents” of American manufactures, in the windows of which American typewriters, cameras, etc., are marked with ridiculously high prices and put far in the background nearly out of sight, while foreign makes of the same articles, much lower in price, are displayed prominently in front. One of these men whom I interviewed personally assured me that he was doing all he could to “push” the American products which he represents, and he is probably making similar statements to his principals at home, who are too far away to keep closely in touch with what is going on. If this instance stood alone it would perhaps not be worth while to emphasize it, but common rumor speaks of numerous such cases and hints at irregular practices in the matter of commissions, etc. In short, our exporters who rely on this sort of representation are taking many chances and can not be at all certain that their goods are given a fair backing.

#### THE BEST METHOD.

A “sole agency” plan by which the agent not only becomes the sole representative of his principal, but also agrees to sell no other goods of the same sort, is open to less serious objections; but it serves its purpose better for European than for American goods for the reason already alluded to, that our products are, many of them, comparative novelties on the market, and more persistent and undivided effort is required for their introduction. The best method of all, therefore, is one which has already been adopted by a few of our larger manufacturers, the sending out of special resident agents whose sole business it is to introduce their goods and who enter into agree-

ments not to sell other articles or engage in other trade. If the home concerns are not strong enough to bear the expense alone, several of them, manufacturing entirely different sorts of goods, sometimes combine to support an agency, and this method, though open to some objections, seems to meet with considerable success. And in either case, whichever of the two last-mentioned plans be adopted, the advantage of having in the field a man who thoroughly knows his customers and at the same time is devoted to the interests of his principals is very great. In the matter of arranging credits alone it is almost indispensable. There is absolutely no possibility of doing any large business on the cash basis, and credit can be allowed only with the utmost caution. Men who have had longest experience in the field emphasize this point most strongly. After decades of residence they find themselves making losses through misplaced confidence, and resort to the courts involves expense and delay which are generally prohibitive. A resident agent, always on the alert and having direct access to the principal source of information (the banks), can do much to lessen the risks.

#### A SAFE CREDIT SYSTEM.

One instance of this last sort of agency deserves special mention because of the very excellent results which have been attained. A well-known American company some years ago introduced new methods in their Mexican business and with such success that they found it advisable to try the same plan in Cuba. Again they were successful, and in two years' time they had captured 90 per cent of the Cuban market. They have recently come to Brazil with precisely the same methods, and the indications are that they will meet with the same success. The plan is, briefly, as follows: A sole agency is established in Rio de Janeiro, in which are men who have had experience both in the United States and in Brazil and who agree to engage in no other business than the selling of the articles manufactured by their principals. This central house establishes branch agencies in all important centers throughout the country, these latter being likewise bound by agreement to sell no other similar articles. The sales are then made on the installment plan, the purchaser signing a simple contract, drawn up in strict accordance with Brazilian law, to pay at regular intervals (usually one month) a fixed sum or to return the article in good condition. The first payment, made upon delivery of the article, is large enough to cover about 75 per cent of the factory cost, leaving only 25 per cent as the actual risk of loss through nonfulfillment of the contract. In practice the losses are very few and insignificant in amount, for the people are found to be regular and businesslike in their payments.

Such a method as this overcomes two of the greatest obstacles which confront the American exporter to Brazil—the risk of loss through ignorance of the financial standing of the local dealer, and the difficulty of disposing of goods which, though of acknowledged superior excellence, are high priced as compared with foreign goods of the same sort. This latter difficulty is one which is universally recognized among Brazilian dealers in American commodities. Our articles, many of them, are too good to have a large sale among a people who, as a rule, are extremely poor, if cash payment is demanded. The superiority of many lines of American manufactures is everywhere recognized, but the people can not afford to buy them, even though they are convinced that it is true economy in the long run to get the best rather than the lowest-priced articles. The installment plan just described gives them the opportunity to get the best on easy terms, and experience shows that they are ready to avail themselves of it.

The installment method is, of course, not available for many classes of goods. If the article is fairly indestructible, is easily identified, and can not too readily be moved from place to place, the system may meet with such success as in the case just described. Safes, scales, typewriters, pianos, sewing machines, cameras, and various classes of machinery might lend themselves readily to such a plan, and experience would probably make it possible to add many other things to the list.

## VII. EUROPEAN GOODS PREFERRED.

I have spoken thus far mainly of the efforts made by American and European exporters to introduce their goods into this country. There still remains another side of the question to be considered—the attitude of the Brazilian importing houses. The bulk of the import trade is effected not so much through efforts of foreigners to get their goods to the market as through the desire of resident houses to get goods from abroad for their customers. It is important, therefore, to inquire what are the reasons that induce them to prefer European to American goods, as many of them do. I interviewed many such importers in the larger cities, and their opinions may be taken as representing pretty accurately the conditions which exist in all parts of Brazil.

### THREE CLASSES OF IMPORTERS.

The importers may be divided into three general classes, and their attitude as to the sources of supply of the goods which they purchase is determined to a greater or less degree by the particular nature of the business which they are conducting. There are, in the first place, men who are importing supplies for specific enterprises or undertakings, such as railroads, factories, harbor and dock improvements, and street work. In these cases there is an inevitable tendency, if the men in control of the work are foreigners, as they usually are, to get as large a share as possible of their supplies in the country whose capitalists control the particular enterprise. On all sides one finds evidences of this fact. For the sake of illustration it may be well to mention a few.

The large English company which has taken the Federal contract for the great harbor and dock works in Rio de Janeiro, get nearly all their ironwork, machinery, cement, and other material in England or Belgium. Another English company which holds several contracts in connection with the extensive city improvements at present going on there does the same, in spite of the fact that a good part of their supplies, such as cement, might be obtained more cheaply in the United States.

### MILL MACHINERY FROM EUROPE.

The cotton mills which I visited in various parts of the country, some of them established by English capital, and many of them originally, at least, under English managers, are fitted out almost exclu-

sively with English machinery. This is, perhaps, not surprising in view of the well-known excellence of the English textile machinery, but the same preference for English makes is apparent even in factories which use lines of machinery in the making of which the United States leads the world. For example, in the largest of the half dozen flour mills of Brazil controlled by English capital the entire outfit, with a few trifling exceptions, such as the scouring brushes and the dust separators, is either directly or indirectly of English origin. I say "indirectly" because a considerable part of the machinery, though purchased from and marked with the name of an English firm, is in reality of German manufacture. All of this machinery is made on American patterns and is quite up to date. When I asked the manager why he did not purchase from American manufacturers instead of thus getting what are virtually American machines made in Germany, through an English firm, he admitted at once that it would be real economy to do so and that he had for years urged that it should be done. But the stockholders and directors are Englishmen, resident in England; many of them are also stockholders in the home concerns from which the purchases are made, and whatever they may lose through lack of economy in the flour business in Brazil is made good by the profits of these home establishments.

#### OPERATION OF AMERICAN INFLUENCES.

The same sort of influence of course operates favorably to American interests in all the cases in which American capital is invested. A large American concern which is carrying out contracts in Rio in connection with the city improvements is getting the bulk of its supplies from New York. Still another, which has concessions for work which will aggregate some \$25,000,000, is using its influence in favor of American supplies. The following instance will illustrate how this influence may operate. It was necessary some time since to order a large quantity of steel rails. Bids were received from both American and European firms, the Belgian being far the lowest. Ordinarily such a bid as the Belgian would probably have been accepted at once, but the desire to purchase in the United States prompted the sending of a cable to the American manufacturers which led them to meet the Belgian prices and thus secure the contract.

Imports of the sort I have been describing—those made for specific purposes—form, however, only a relatively small portion of the total foreign purchases of the country. Far more important are the purchases of the permanently established import houses carrying on business regularly from year to year. These are, roughly speaking, of two classes—commission houses and those doing business on their own account for sale to retailers.

## INFLUENTIAL IMPORTING HOUSES.

Until a decade ago the largest and most numerous importing firms were French and English and their influence seems to have been most potent in determining the character of the import trade. The French houses have now, however, virtually disappeared from Rio, having been slowly driven out by more energetic rivals. A great decline is also noticeable in the number and importance of the English houses, though they still exercise a powerful influence on the import trade and are showing some signs of renewed activity. They appear to be hard pressed by Portuguese firms, which are now said to control most of the trade, and by German houses which are rapidly coming to the front both as to numbers and influence. The situation seems to be this—that the largest actual share of the imports is brought into the country by the Portuguese firms, which are the most numerous though probably as a rule not so strong financially as some of their competitors; that a very large but decreasing share is in the hands of English firms, which are among the oldest and best known houses; and that a rapidly increasing share is in the hands of German establishments. There are no large American houses.

## COMMISSION MERCHANTS.

These importing firms carry on their business in two quite distinct ways. Some of them act simply as commission merchants buying merely on order from their customers and taking their profits from the commissions paid; while others buy on their own account and make whatever profit the state of the market makes possible. Often the same firm employs both of these two methods in varying proportions, and sometimes, too, they may act as agents of American exporters as well. But the fact that sometimes the various methods are thus combined does not alter the fact that they are really distinct ways of doing business and that their effects upon American success in these markets may be very different. The importer on commission is but little interested in the origin of the goods which he purchases; he orders simply what his customers want, and is little likely to make any great effort to introduce new commodities. The purchaser on his own account, on the other hand, is more alert for the introduction of any goods which give him promise of a profit, and more ready to listen to the claims of a new manufacturer. It is therefore an encouraging feature of the Brazilian market that the bulk of foreign purchases are made by this last-mentioned class of importers, and that there is nothing in their methods that can be called discrimination against American goods. The reasons for the comparatively small importation of goods from the United States are not to be found in the fact that the importing houses are English, German, or Portuguese; they must be sought for deeper down in the details of trade.

## REASONS FOR PURCHASING IN EUROPE.

I have, therefore, endeavored in every possible way to get at the exact reasons which lead these importers to purchase European and English goods rather than American; directly, by interviews with the importers themselves, and indirectly, through hearsay evidence. I shall enumerate as briefly as possible the reasons advanced.

(1) One which I have already mentioned in several places is the peculiar conservatism of the Brazilian market. The people cling tenaciously to the kinds of goods to which they have been accustomed; the sizes, shapes, weights, marks, names, nationality, colors, even the shapes, sizes, and colors of the packages; all these and many other minutiae play a part which no one can appreciate who has not had actual experience in Brazil. American manufacturers and exporters do not pay the proper amount of attention to these seemingly foolish details. I have met with no dissent whatever from this opinion. The English exporters, too, relying upon their strong hold on the market, have in recent years been careless in this particular, and part of their decline in trade has undoubtedly been due to this indifference. The Germans show the greatest care in this respect, and although their trade has not yet made the great strides that are often attributed to it, the failure is due to other causes.

## GERMAN CHEAP GOODS.

(2) Another reason for purchasing in Europe is, in the case of many American goods, and especially machinery, the superior excellence and consequent high price of our products. Much of the success which the Germans have had in getting a foothold in the market is universally attributed to their ability to produce cheap goods. They seem, however, to have overdone the thing, and one hears on all hands complaints that their goods, though cheap and though made in the styles the people want, are often flimsy and worthless. This probably goes a long way toward explaining the fact that in spite of their efforts and in spite of their successes in some lines, their general trade with Brazil has declined in the last ten years. The Italians, on the other hand, seem to have found the golden mean; their goods are cheap yet satisfactory as to quality, and they alone, of all the chief exporting peoples of Europe and North America, have made absolute gains in Brazilian trade in the past ten years. More will be said in another place as to the causes of Italian success; their ability to manufacture good goods at low prices is only one of them.

## THE CREDIT SYSTEM.

(3) The unwillingness of American exporters to extend credits as freely as their trans-Atlantic competitors drives many orders to Europe. Among the older and better-known importing houses



this complaint is not often heard; but new firms and even old ones attempting to open new connections in the United States find this unwillingness a distinct handicap. There are several methods in use by foreign exporters for collecting for goods shipped to Brazil, but by far the greater part of the business seems to be done on a 90-day basis. Americans often refuse to grant any credit at all, demanding payment in New York before shipment of the order. In the case of English goods, a 90-day draft usually accompanies the documents, and upon its acceptance the latter are delivered to the importer by the bank. Often even the acceptance is not insisted upon and the documents are delivered upon oral promise to pay on maturity of the draft. In many cases a simple open account is established. In this respect again the Germans have surpassed all their competitors, and have overdone the matter to such an extent as to meet with heavy losses in a considerable number of instances.

#### WHAT AMERICAN EXPORTERS SHOULD DO.

The reluctance of American exporters to grant credits is of course natural, and in itself is in accord with good business practice; but there is no hope of doing extensive business here on that basis. The American exporter must give the same accommodation as his rivals if he expects to capture trade, and the only way at present of doing so seems to be in the manner already suggested—the establishment of thoroughly reliable agencies on the ground, whose business it shall be to keep their principals thoroughly posted. At present the difficulty is, it is true, overcome to a certain extent, but in a way which can hardly be called satisfactory. Being unable to make satisfactory terms with the manufacturer, the importer is forced to turn to one of the few American export houses that make it their business to know the standing of Brazilian firms and are therefore able to grant the desired credit. The method itself, if properly operated, is an excellent one, and a good part of the import trade from Europe is managed in this fashion, but the difficulty in the case of the United States is that our export houses are far less efficiently managed than those in Europe (at least so far as South America is concerned) and their charges are higher. I have met a considerable number of importers and have heard of many others who have been obliged to abandon direct dealings with the United States and are now getting their American goods through commission export houses in France, Germany, or England. The goods themselves are usually shipped direct from New York to Brazil, but the orders for them are sent in through the European middleman, who thus becomes responsible for the credits and who charges usually 3 per cent commission for his services. There is no good reason why a large export house, specializing on

South American trade, should not be established in New York and be able to carry on the business as efficiently and as cheaply as one in Bordeaux or Hamburg. This is a matter which has not yet received sufficient attention.

#### AMERICAN GOODS BADLY PACKED.

(4) There is universal complaint as to American methods of packing goods for shipment. This fact has been so often and so persistently alluded to in our consular reports that it would be superfluous to mention it here were it not for the fact that the abuses continue. In spite of repeated protests, many American shippers continue to pack their goods, as one merchant put it rather picturesquely, as if they were to be carried by messenger boy from the Battery to Forty-second street. That, of course, is a gross exaggeration. The truth is that they pack as if the goods were going to Europe, forgetting that the methods of handling freights in South America are utterly different from those which are customary in the more advanced commercial countries. There is at present but one Brazilian port (Santos) at which any but the small coasting steamers are able to dock. American or European freights are all lightered to the shore from the steamer lying from one to three miles from the landings. The lighters are simply large, flat-bottomed barges with adjustable covers for use in bad weather, and the goods are lowered into them by the steamer's cranes, hurriedly and in more or less helter-skelter fashion. Bags, bales, barrels, and all shapes and sizes and weights of cases may be loaded promiscuously into such a barge, and the durability of the packing is tested to the utmost. It is no uncommon sight to see a barrel of cement, for example, let down from the steamer on the top of a slingful of miscellaneous merchandise, the moment the ropes are loosened roll and tumble down 15 or 20 feet into some remote corner of the barge, hitting en route all manner of edges and corners of cases already in place. At the custom-house landing comes a second handling, but little less trying. Steam cranes are almost unknown and the hand cranes in use are not operated with much precision. Heavy goods, especially, often get severe knocks and jars, are often lowered suddenly and with great force upon some stray bit of iron or stone or bit of merchandise which happens to be lying about the landing, and the flat sides of cases which are not sufficiently fortified with cross braces of wood are frequently smashed in. The contents are thus often damaged, or, what is equally annoying to the importer, small pieces of fittings, etc., are lost. In every port which I have visited I have personally inspected the goods lying on the custom-house wharves and have watched the processes of landing. In almost every instance in which goods have been damaged they have been those from the United States, and this in spite of the fact that the quantity of freight coming from Europe far exceeds that from the

United States. My own observations merely confirm what is common knowledge in Brazil. I have not met a single importer who has not had his grievance on this point.

The French, on the other hand, are universally praised for their excellence in the matter of packing, the percentage of loss from breakage in their goods being extremely small. English and German packing is reported to be inferior to the French, but far better than the American.

#### SPASMODIC AMERICAN ENTERPRISE.

(5) Much complaint is also made as to the spasmodic character of American enterprise in the Brazilian market. A dull year in the domestic markets of the United States sends a flood of circulars and a horde of commercial travelers to South America in an attempt to get rid of surplus product. Usually these efforts are fairly successful, merchants being induced by the excellence of the goods or by unusually low prices to enter into American connections; but the moment the home market shows improvement, the American exporter grows indifferent and neglects or postpones attention to his South American orders. In short, Brazil is looked upon as a convenient dumping ground in times of need, while the demands of more regular trade are neglected. This complaint I find is quite as universal as the one concerning careless packing; and in some cases the neglect takes the most irritating forms. For instance, I was recently told by one of the largest importers of goods from the United States, a man who fully recognizes the excellence of American manufactures and the possibilities of development of our trade, and who is anxious to do a larger business with us, that he has almost despaired of increasing his American purchases or dealing with any but a few of the largest and best known American firms. He told me of numerous cases in which, after forming new American connections, solicited by the Americans themselves, he had had his orders neglected, or his shipments delayed for months, or even abandoned entirely, with no more satisfactory excuse than that the factory was "too busy" on other orders. Such connections he naturally abandoned at once and for good.

#### KEYNOTE OF THE DIFFICULTY.

This last complaint really strikes the keynote of the whole difficulty: American exporters have not met with greater success largely because they have not made sufficiently persistent effort. There is not an importer with whom I have talked, whatever his nationality, who has not told me emphatically that there is a big trade awaiting the Americans the moment they are ready to take hold of it with persistence and determination; but spasmodic efforts in the long run do more harm than good.

The opinion just expressed, that Brazil is ready to take American goods in very large quantities as soon as American manufacturers are ready to spare sufficient time from the demands of the home market to give proper attention to the peculiar needs of this southern continent, is confirmed by the figures given elsewhere. In spite of certain handicaps which our exporters suffer, in spite of the inadequacy of our methods as just outlined, our exports have suffered less in the past ten years of Brazilian depression than have those of any of our rivals with the single exception of Italy. There is every indication that a relatively little effort in the right direction will turn our present decreasing trade into an increasing one. In fact, there are certain lines of our export trade in which there is already marked improvement.

#### INFLUENCE OF RESIDENT FOREIGNERS.

(6) There is yet another influence at work creating a preference for European rather than American goods, and it is one that is particularly difficult to overcome. I mean the personal tastes of the foreign population of Brazil. These foreigners are very numerous, over 15 per cent of the population, and they are among the most active economic influences in the country. The most numerous are Italians, Portuguese, and Germans, their numbers being 1,250,000, 1,000,000, and 250,000 to 500,000, respectively. The Portuguese coming to Brazil are in a certain sense more or less denationalized. They live scattered throughout a population whose language is their own and their tastes become cosmopolitan. Whatever preferences they retain for Portuguese goods are confined principally to wines and certain food stuffs, manufactures they can get from home only in limited amounts, and, save for certain natural tendencies to favor trade with other Latin peoples rather than with Germanic, their foreign purchases go to swell the general demand for imported goods. It is quite otherwise with the Italians and the Germans. They, as a rule, live in groups among their own fellow-countrymen; they retain their customs and tastes; their home countries are producing many of the classes of goods which they require, and unless unusual influences are brought to bear they will demand the commodities to which they were accustomed in their old homes. The effects are shown in the fact that larger percentages of Italian or German goods are imported by the States which have the largest Italian or German population than by other States. For example, the imports from Italy into the State of Sao Paulo, which has some 55 per cent of the total Italian population of Brazil, constitute 12.7 per cent of the total imports into that State, while for Brazil, as a whole, Italian imports constitute only 3.6 per cent of the total. Figures of imports, by countries, into the more southern States of Santa Catharina and Rio Grande do Sul (where

most of the German colonies are) are not published, but there is no question that German trade there is far greater in proportion than in other parts of Brazil. The stimulus to German trade in those States is still further strengthened by the fact mentioned elsewhere, that through control of a local steamship line running to the southern ports German exporters get better freight rates than others. It is probable that the increase in German trade with Brazil in the past two years is due to larger dealings with these ports, and not to increased commerce with the country as a whole.

In the Italian and German sections of Brazil, therefore, there is this very serious obstacle to the development of American trade. It is not insurmountable, but to overcome it our exporters must be especially persistent and energetic, and their agents must work among the people themselves rather than with the importing houses. It is the substratum that needs influencing.

#### CONSULAR SERVICE INADEQUATE.

(7) There is one obstacle to the expansion of American trade which can be removed only at considerable expense and by Government action—our consular service is far too limited for so enormous a country as Brazil. The country is larger than the whole of the United States, yet we have only thirteen consular representatives in this vast territory—one consul-general, four consuls, five vice-consuls, and eight consular agents. In some of the most important cities we have no representative at all, notably in Sao Paulo, the most progressive city in the entire country; in Porto Alegre, the chief city of the south, and in many other places which, though small as yet, are developing rapidly. In nearly every town which one visits there are English, German, Italian, and Portuguese representatives, while American interests are left to the casual attention of an American official resident at some distant point. For the great stretch of country between Santos and Rio Grande do Sul—a week's journey by steamer—there is not a single American representative, while our commercial rivals have vice-consuls or agents at half a dozen points. It is true that our business in these places is as yet very small and does not in itself warrant the maintenance of officers there, but it is the future that should be looked to, and there is no question that the absence of such officials makes development more difficult.

## VIII. FOREIGN INVESTMENTS.

It has already been pointed out that the lack of industrial and financial interests in Brazil is one of the most serious causes of American backwardness in Brazilian trade. England and Europe have very large interests, not merely in the form of loans to the Federal or State governments, but in actual investment in productive industries as well. Only in the Amazon region have Americans made any considerable investments, and even there the proportion is small as compared with European interests. In the south a beginning only has been made.

In this last sentence I refer to the enterprise known as "The Light and Power Company." This concern, whose head offices are in Toronto and New York, is backed by American and Canadian capital. About five years ago it began its Brazilian operations in Sao Paulo, where was organized "The Sao Paulo Tramways, Light and Power Company." From \$8,000,000 to \$10,000,000 was invested in developing hydro-electric power at a point some 25 miles from Sao Paulo, with transmission lines to the city. The investors have been eminently successful, having not only made good dividends for themselves, but having as well given to Sao Paulo a street car and lighting service as good as any in the world, and cheap power for many of the local industries. Their success has converted the initial opposition of the local authorities into hearty approval. These same people have now gone into Rio de Janeiro with an exactly similar enterprise, which will make a capital investment of from \$15,000,000 to \$25,000,000. Their water power is to be obtained from a branch of the Parahyba River, about 50 miles from the city. They have purchased most of the old street car lines, which will be electrified; have projected new lines, have bought out the gas company, and will within a few years be performing for Rio de Janeiro the same important services which they have already rendered for Sao Paulo.

### OPPORTUNITIES FOR CAPITAL.

The success of this concern is but a single indication of what American capital may do in Brazil. There are innumerable openings for enterprise if our capitalists will but take the trouble to look for them. But unfortunately Brazil has a somewhat unsavory reputation among our people, which has, perhaps, not been wholly undeserved. In the vicissitudes which the young Republic has been obliged to pass through

in the past fifteen years the necessity for revenue has led to some acts toward foreign investors which were short-sighted and distinctly harmful, not only to the foreigners but to Brazil itself. There is, however, abundant evidence now of a settled policy in favor of foreign investments, a more intelligent recognition of the country's need of capital, and a willingness to guarantee fair treatment to those who can be induced to turn their attention in this direction.

The opportunities, I have just said, are abundant. Harbor and dock works, city improvements, paving, road making, development of electricity for power and lighting, telegraph and telephone service, street railways, railroads, and many similar enterprises are beginning to be a prominent feature in the development of the new Brazil. The Federal Government and the various State and municipal governments have in the past year negotiated loans aggregating some \$100,000,000 for various such improvements. The agricultural industries are crying for improvement, and factories need to be built. The leaders of thought and politics in the country are frankly and consistently protectionists. There are many things now imported from abroad which could easily and cheaply be made at home, and the example of the United States is freely quoted in favor of their determination to develop their production. There can be no question that the high tariff duties which American and European producers complain of as an obstacle to their export trade with Brazil will continue in force or be increased so far as they apply to goods which there is any reasonable possibility of producing in Brazil itself. These high protective duties may, however, be turned to the advantage of our people instead of remaining a hindrance to development if our capitalists will take shelter behind this very tariff wall, introduce American methods and machinery, and make the goods for Brazilian consumption in Brazil itself.

#### DEVELOPMENT OF HOME INDUSTRIES.

The economic future of Brazil, so far as concerns the production of goods for home consumption, will depend upon two main lines of development—in agriculture, the growing of foodstuffs and raw materials; in industry, the manufacture of those articles for which there is a home production or nearby supply of raw materials. The chief foodstuffs of the mass of the people are mandioca, beans, rice, maize, wheat, flour, jerked beef, pork products, fruits, sugar, potatoes, and onions. Some of these are already, and most of them could be, produced in the country. The climate, except on the plateau of the south, is too warm for the successful production of wheat in competition with the temperate zones, and the same seems to be true of potatoes; but mandioca, beans, rice, maize, fruits (tropical in the north, and nearly all the temperate climate fruits in the

south), and sugar grow readily, while cattle and pigs, as fine as any in the world, can be raised almost anywhere south of Rio de Janeiro. Yet all of these food stuffs, except sugar and mandioca, are imported in large quantities. It is inevitable that such a condition of affairs should change, and there is abundant evidence that the transition is already under way. The importation of food stuffs, which, for the five years from 1894 to 1898 averaged \$17,775,000 per annum, fell in the five years 1899 to 1903 to \$13,365,000 per annum, a decline of nearly 25 per cent. The obvious thing for foreigners to do who are interested in these lines of activity is to stop trying to "send coals to Newcastle," and to come in with improved machinery and processes and produce the goods on the spot.

The same is true, as already intimated, of those manufacturing industries, the raw materials for which can be produced in the country itself, or obtained from the River Plata. The coarser and cheaper grades of cotton goods, boots and shoes, and leather goods generally, furniture, carts and wagons, glass, candles, soap, matches, beef and pork products, canned and preserved fruits, and many other home-made articles are already engaging much attention in some quarters, and these protected native industries, even with inferior methods and out-of-date machinery, are cutting severely into the import trade.

The following figures are most significant; they show the average value of exports per annum to Brazil from the United States and the leading European countries for two five-year periods—1894–1898 and 1899–1903—for several important lines of manufactured goods:

AVERAGE ANNUAL IMPORTS INTO BRAZIL FROM THE UNITED STATES AND LEADING EUROPEAN COUNTRIES, OF SPECIFIED MANUFACTURED GOODS.

Articles.	1894-1898.	1899-1903.
Cotton manufactures .....	\$17,945,000	\$12,117,000
Leather manufactures .....	2,975,000	1,760,000
Paper, and manufactures of .....	1,740,000	1,483,000
Glass and hardware .....	859,000	585,000
Wood manufactures .....	770,000	505,000
Woolen manufactures .....	4,493,000	2,285,000
Food stuffs .....	17,773,000	13,635,000

Many other figures of the same sort might be given, but these are sufficient to indicate the decline which is going on. It is sometimes said that the decline in imports is due to the decreased purchasing power of the Brazilian people, and this is undoubtedly a partial explanation in regard to some classes of goods. In the main, however, the true cause is to be found in the increase of home production, and the process is likely to continue except as regards the finer and higher priced grades of goods. I have visited many factories, from Pernambuco to Sao Paulo, and was deeply impressed with what is being done. And these personal impressions are confirmed by such



statistics of production as are available. The Federal Government has not yet undertaken the compilation of industrial statistics on any satisfactory scale, but one or two of the States have done so, the most complete figures being those of Sao Paulo. These latter are significant of what the industrial future of Brazil may be.

#### MANUFACTURING INDUSTRIES.

There are, in the State of Sao Paulo, several hundred factories in all, some of them, it is true, very small, but a good many of them of considerable size. They produce cotton and other textiles, boots and shoes and other leather goods, bricks, tiles, and earthenware pipes and goods, glass and bottles, beer, hats, and ready-made clothing, flour, tinned and preserved meats, canned and preserved fruits, matches, furniture and cabinet ware, tinware, vegetable oils, and other articles of less importance. Some of these factories supply only a greater or less proportion of the local consumption, but others have a surplus for export to other parts of Brazil, and their business is growing. For example, in the year 1904 Sao Paulo exported to other parts of Brazil the following articles (values in United States dollars) manufactured within the State, besides smaller quantities of many other goods:

VALUE OF ARTICLES MANUFACTURED WITHIN THE STATE AND EXPORTED FROM SAO PAULO TO OTHER PARTS OF BRAZIL IN 1904.

Articles.	Value.	Articles.	Value.
Alcohol .....	\$38,000	Hats .....	\$129,000
Beer .....	128,000	Paper .....	26,000
Ironware .....	28,000	Matches .....	53,000
Furniture .....	12,000	Earthenware pipes .....	33,000
Cotton manufactures .....	1,160,000	Sole leather .....	102,000
Boots and shoes .....	112,000		

These figures in themselves may not seem very significant, but when we compare them with the total foreign purchases of Brazil of the articles mentioned, their influence on the import trade becomes apparent. Brazil's total imports of boots and shoes from foreign countries in 1903 were \$231,000. The surplus which the single State of Sao Paulo was able to sell to her neighbors (\$112,000) was nearly half as much as they purchased abroad. Of beer, the total imports were \$186,000, and the amount supplied by Sao Paulo was over two-thirds as much. For hats, the sales by Sao Paulo amounted to 45 per cent of the purchases from abroad; for earthenware pipes, 77 per cent; for furniture, 10 per cent; for cotton goods, 7½ per cent; and for sole leather, 3½ per cent. Sao Paulo is an exceptional State in many respects, for the spirit of progress made itself felt there first, but what she has done others may do, and are doing to some extent. The time is likely to come when the imports of some of the goods in the above list will

virtually cease. In Rio de Janeiro there are already extensive mills of the same sort as those in Sao Paulo. In the south, in Santa Catharina and Rio Grande do Sul, German capital is bringing forth a like development; while even in the relatively unprogressive north, in Bahia and Pernambuco, a few important factories for the making of cotton goods, matches, soap, etc., exist and are reported to be prospering.

#### SUBSTITUTES FOR COAL IN MANUFACTURING.

It is often said that Brazil can never become a great manufacturing country because of lack of fuel, and must, therefore, continue to depend on Europe and the United States for manufactured goods. This is true of certain great industries in which abundance of cheap fuel is a *sine qua non*, such as the production of iron and steel, machinery, etc., but the industries above mentioned do not necessarily depend upon coal fuel, and some of them need no fuel at all if they can get power from other sources. Brazil has an enormous amount of hardwood fuel, and is supplied as few countries are with water power, which is being made available by electric transmission. The entire eastern tier of States along the coast which my visit covered consists of a narrow belt of low coastal plain backed by a mountainous plateau ranging in elevation from 2,000 to 7,000 feet. Rainfall throughout nearly all of this section is abundant, rivers are numerous and swift, with a steady flow of water and many falls, and the distances necessary for transmission to possible industrial centers are generally small. There is no reason why the same sort of development should not take place here as is now transforming northern Italy.

#### LABOR DIFFICULTIES OVERCOME.

Another argument often advanced against the possibility of large industrial activity in Brazil is the supposed scarcity of efficient labor. The sparsity of the population and the low level of efficiency among the laboring classes in general are indeed serious obstacles, but the best answer to the objection urged lies in the simple fact that the obstacles are being overcome. Labor can not, it is true, be treated as it is in the United States or England. The peculiarities of the case require peculiar treatment, and in all the instances which came to my notice the problem seemed to be completely solved. In some cases piecework under proper supervision solves the difficulty. In such work as the loading or unloading of barges or vessels, or the transportation of goods or materials by cart or by mule back, this method succeeds well. In some factories, too, such as a shoe factory which I visited in Sao Paulo, certain parts of the articles manufactured are made in the homes of the operatives—hand-woven uppers for slip-

pers, for example—who are under contract to work only for the factory. These parts are simply paid for on delivery and the remainder of the work is done by machinery in the factory itself.

#### THE FAMILY SYSTEM.

In the largest of the agricultural industries, coffee growing, a system has been adopted similar in many respects to the old indentured-servant system in the American colonies. The laborers, mostly Italian, but some Spanish, come to the country under a renewable contract, usually for a year, are settled in groups of families on the fazendas, and form what are virtually new centers of population. The family group is usually recognized as the unit in all dealings between employers and employed, and a system of payment is adopted which contains elements of both wages and piece payment. Each family is given the care of a certain number of trees and is paid a lump sum for the year's work in seeing that they are properly looked after. In the picking season additional payment is made to the families for the actual amount picked, at an agreed sum per arroba (15 kilos, or 33 pounds). Additional hands are also often hired in the picking season, many Italians coming from Italy for the purpose, as the steamship lines give extremely low rates, and returning home after the crop has been harvested.

#### THE SETTLEMENT SYSTEM.

A somewhat similar "settlement" system has been adopted with great success in the larger factories of the country, especially the cotton factories. The mills as a rule differ much from American or English mills, for instead of being situated in the heart of a crowded city they are often in the suburbs or even in the country, and control large areas of land. The employees instead of living scattered in their own homes are provided, if they wish, with homes in the factory settlement. This settlement usually has its own shops, its own physician, its school, and its church. In some cases the occupants pay rent out of their wages, in others the wages are made to include the privilege of occupancy. In no case that I heard of is residence in the settlement made a condition of employment, yet the settlements are usually full.

The excellence of such a system is proved by its success. In such a country as Brazil there is every inducement to idleness, or to irregularity and inefficiency, yet not only is the level of efficiency, cleanliness, and healthfulness in such factories high, but the actual results in dividends are good, and factories are extending.

Altogether there can be but little question that capital entering into Brazilian industries with sufficient determination and a willingness to adapt itself to the peculiar necessities of each individual case can attract a sufficient supply of satisfactory labor.

## **IX. INDUSTRIAL INVESTMENTS.**

There are very many possible openings for capital in Brazil—in the purely extractive industries, in agriculture, in mining, in manufacturing, and in the many public improvements which are being made. The attention of foreigners has, however, been mainly concentrated on a relatively few things—especially on coffee, rubber, railroad building, and harbor improvements. These it is unnecessary to mention in greater detail, but there are other possibilities to which it may be well to call attention as meriting further investigation. The following list is by no means complete, but it will serve to indicate the directions in which further inquiry might be repaid.

### **THE SUGAR INDUSTRY.**

In my preliminary report from Pernambuco I mentioned the backwardness of the sugar industry of that State. Both in the raising of the cane and in the manufacture of the sugar there is little attempt made to use up-to-date processes and machinery. This is true of the industry in the entire tier of coast States from north to south. They have every natural advantage for the production of cane, yet they all are lacking in modern methods. In the case of Pernambuco this is partly explained by the difficulty of finding a market for the output, for the State already produces far more than enough for local consumption. But the States farther south are in a very different position. Sao Paulo, for example, consumes about 71,000 tons of sugar per annum, of which the producers of the State supply only 23,000 tons. The balance is imported, mostly from Pernambuco, in spite of the excessively high coasting freights, the dock charges at Santos, and the heavy railway freights from Santos to the populated plateau of the State—charges which aggregate about 40s. per ton. The authorities of the State are now endeavoring to interest capitalists in the building of mills within the State to utilize the cane, which grows readily, abundantly, and is of excellent quality.

### **COTTON AND ITS MANUFACTURES.**

Cotton, like sugar, grows readily in all the coast States and furnishes the raw material for the domestic cotton mills, yet there is little or no attempt to introduce modern methods of cultivation. This is another fact to which I alluded in my first report. The quality of the

fiber under present conditions is poor, but there is every reason to believe that improved methods of cultivation would produce superior material. Manufacturing of the coarser and cheaper grades of cotton goods is a growing industry with a promising future, and the production of the raw material near the factories would be a profitable enterprise. At present nearly all the mills are concentrated in the States of Sao Paulo and Rio de Janeiro, yet their raw material comes largely from Pernambuco, with some from Bahia, and, like sugar, has to bear the high coast freights, the costs of handling and dock charges at the ports, and the heavy railway freights before reaching the factory door. Sao Paulo, during the American civil war, produced considerable cotton of good quality, but the industry was allowed to decline after the emancipation of the slaves and the general rush into coffee raising. Conditions have now changed again; coffee has been overproduced and has become less profitable.

#### LOCAL COTTON MILLS.

The development of the local cotton mills opens a ready market for the fiber which formerly had to be exported to England and Europe, and public attention is being turned toward the possibility of reopening the cotton fields. There are at present in the State no less than 18 cotton mills, with some 3,000 looms and 70,000 spindles, producing 45,000,000 yards of textile goods per annum, besides other articles, such as twine, and consuming each year nearly 7,000 tons of raw cotton. Some of this the State itself produces, but probably 2,000 tons are imported from Pernambuco and other northern States. For Rio de Janeiro there are no statistics as to the exact number and size of the cotton mills, but from personal observations, confirmed by interviews with men familiar with the business, I should say that they are about equally important with those of Sao Paulo. Like those of Sao Paulo, they show every sign of prosperity, new ones being built and old ones enlarged.

Brazil still imports about \$12,000,000 worth of cottons each year, but the amount is declining with the development of the local factories, showing that the possibilities of home manufacture are not yet exhausted. Considerable quantities of foreign goods of the better grades will probably continue in demand, but mills for the supply of lower grades will certainly continue to be established as the development of the local cotton fields takes place.

#### FOOD STUFFS.

Maize also can be grown in abundance throughout the entire coast region of Brazil. Little seems to be done, however, toward its systematic cultivation, and the domestic crop is insufficient to meet the demand. Considerable quantities are imported annually from the River Plata countries.

Wheat-flour manufacture is an important and growing industry, and the time seems not far distant when the entire country south of Pernambuco will be supplied by the local mills. North of Pernambuco the United States seems to have a nearly clear field, but in the south we are unable to compete owing to the cheap freights from the wheat-producing countries of the River Plata. We have already lost most, if not all, of our flour trade south of Bahia, and the rapid decline at that port seems to point to the not distant time when our trade there, too, will vanish. But in the ports from Pernambuco northward the United States is more than holding its own. The total flour imports of this northern region in 1903 amounted to nearly 32,000 long tons, and the United States held a virtual monopoly, supplying five-sixths of the total, while Austria-Hungary provided most of the remaining one-sixth. In the region south of Pernambuco the total consumption in 1903 was approximately 130,000 tons, the output of the local mills competing with the Argentine imports for the market. The local mills are protected by a differential duty on wheat (25 reis per kilo on flour and 10 reis on wheat), and seem to be gaining the upper hand, for in 1903 they supplied about 35 per cent of the total consumption. In short, the competition in the flour market of Brazil is a four-cornered one between the United States, Argentina, Austria-Hungary, and the local mills. In the Amazon Valley the United States is supreme; in Pernambuco and the immediately surrounding regions she meets with a little rivalry from Austria-Hungary, while the south has been captured by Argentina and the local mills, with a strong possibility that the latter will in time control the situation. The entire importation from Argentina in 1903 was 68,373 tons, which represents the amount which new mills similar to those now run by English, Brazilian, and Italian capital might hope to dispose of under present conditions of demand.

#### PRESERVED FRUITS AND VEGETABLES.

There already exist in Rio de Janeiro, Sao Paulo, Santa Catharina, and Rio Grande do Sul several establishments for the tinning and preserving of fruits and vegetables, but that they fail to meet the full requirements of the trade is proved by the fact that such goods continue to be imported in considerable quantities, mainly from Portugal, France, and Italy. The total imports in 1903 amounted in value to \$250,000, 30 per cent coming from Portugal, 23 per cent from France, and 21 per cent from Italy, and this although the prices of the imported articles are often absurdly high. American canned corn, for example, finds a sale in Rio de Janeiro at from 2\$500 to 3\$000 (80 cents to \$1 at present rates of exchange) per tin weighing about 1½ pounds. California canned fruit sells at 3\$500 (\$1.15) per 3-pound

tin, while dried fruit retails at 3\$000 (\$1) per kilo (2.2 pounds). All of these goods are highly protected, the duty in some cases running as high as 200 to 250 per cent ad valorem, and the local factories, relying on this advantage, are content to use the crudest and most out-of-date methods and machinery. The raw materials are to be had in profusion—tropical and subtropical fruits in the north and nearly all vegetables and deciduous fruits in the south. Sugar, too, is abundant and cheap. A few large American establishments with our most approved machinery could not only capture the large local market, but could also do an export business in some of the tropical fruits, such as pineapples and the various preparations of the guava, the orange, and the quince, which are common in the country.

#### HOG RAISING.

The entire country south of Rio de Janeiro is eminently fitted for the raising of hogs, and maize can be grown. The conditions are, therefore, somewhat similar to those which exist in the great pork-producing section of our own country; but except in a small way in the extreme south there has as yet been little systematic effort to produce the various pork products which are so largely in demand throughout the country. In 1903 Brazil imported 3,230 tons of lard, 707 tons of bacon, and 278 tons of ham, not to mention tinned meat products. Large quantities of products similar to ham and bacon are undoubtedly made in the homes of the smaller farmers in many parts of the country, though there are no statistics as to the exact amounts. Large pork-packing plants established in hog and maize producing centers, with the latest American machinery and methods, could substitute their goods for a large part of both the present imports and the local products.

#### MANUFACTURES OF WOOD AND LEATHER.

I have already alluded to the growing production of leather and leather goods. Southern Brazil is a prolific producer of hides; there is also abundant tanning material; while the prices of imported leather articles are extremely high. As a result, numerous tanneries are to be found in Rio de Janeiro, Sao Paulo, and in the more southern States of Santa Catharina and Rio Grande do Sul; and a considerable number of factories for the manufacture of boots and shoes, belting, harness, saddlery, and sundry smaller articles also exist. The number and size of such establishments are increasing, indicating that they are prosperous. Yet foreign purchases continue large, the total value of leather goods purchased abroad in 1903 being \$550,000, while prepared hides and skins to more than double that value were also imported. The quality of these imported goods is, in general, much superior to that of the native makes, and the prices obtained for them are high when meas-

ured in terms of the present rates of exchange. Shoes, for example, of makes which sell at home for from \$2.50 to \$5 bring from 20\$000 to 40\$000 here (\$6.75 to \$13.50). Some of the native factories, too, which have introduced American machinery and improved processes, turn out shoes which compare very favorably with our makes and which bring prices similar to those of the imported article. There is a strong probability of larger manufacture of these better grades.

In hard woods and furniture there is a possibility of development which has as yet scarcely been touched. Brazil abounds in the greatest variety of the finest hard woods. They are so common that they are used for all the multitude of inferior purposes for which we at home use the cheaper grades of pine and similar woods—railway ties, fence posts and rails, and odds and ends about the shops and farms. Much furniture and cabinetwork is also made, but generally in small shops or factories and by inferior methods, and exclusively for Brazilian use. Little of the hard-wood lumber is exported, and none of the furniture. If American capital were to come here with the serious intention of developing the industry, timber concessions could readily be obtained and large mills and factories with modern equipment could not only get much of the domestic trade but could carry on a large export trade in lumber and possibly in furniture as well.

#### MINERAL RESOURCES.

Brazil possesses great mineral resources as yet undeveloped, especially in the State of Minas Geraes and parts of Bahia and Sao Paulo. Some of these minerals, iron for example, are not likely to be extracted in large quantities, because of the lack of fuel near the mines and the impossibility of carrying the ore to the fuel, or vice versa, in a country where transportation facilities are so little developed. With gold and precious and semiprecious stones, however, and even with manganese, the difficulties are much less serious. The minerals exist and are being taken out on a small scale and by crude methods, and there is every reason to believe that operations on a large scale would be richly rewarded. Monzonite sand, which has recently attracted so much attention, is found mainly on the coast, and the transportation difficulties are reduced to a minimum.

#### EXPLORATION COMPANIES.

A very large part of Brazil and its resources are virtually still unknown. In general, travel in the interior is so difficult that serious exploration has taken place only on the margins near the coasts and the greater waterways. Exploration parties, properly equipped and composed of a group of scientists and experts, would undoubtedly make scientific and practical discoveries of inestimable value. Such



parties should, of course, first acquire rights of development of discoveries which they might make, either from the State or Federal Government if the discoveries should be made on public lands, or from present concessionaires if private grants have already been made.

During my stay in Brazil my attention was repeatedly called to this subject, both by private grantees who hold concessions which they lack the capital to develop and by Government officials who are desirous of having the resources of their country made available. There is no question that properly accredited exploration companies would be met at least halfway, that they could make satisfactory arrangements as to acquiring rights, and would be given every facility in carrying out their work. The State of Sao Paulo, for example, is ready to make such a party its guests from the time of landing in the State, and the only expenses would be the cost of original equipment and preparation and the salaries of the members of the party. Similar arrangements could probably be made with other States.

#### NEED OF PUBLIC IMPROVEMENTS.

Brazil is in need of many public and semipublic improvements, and lively interest in them is just now being awakened. Banking, express, and transportation facilities have already been mentioned in other parts of this report. But there are others besides. There are electric lighting plants to be established, new tram lines to be built, and old ones (as at Pernambuco and Bahia) to be electrified, and in all the larger cities modern hotels are a crying need. Rio de Janeiro, a city of nearly a million people, with natural scenic advantages that are nothing short of marvelous, with a foreign population which is steadily growing, and a tourist travel that runs into thousands annually, can not boast a single hotel which at home would be rated even second class. Sao Paulo, a wide-awake city in other respects, with nearly 300,000 people, is even worse off. In each of these places, and probably in others, a modern first-class hotel, catering to the wants of tourists and resident foreigners, would meet with immediate success.

#### MINOR INDUSTRIES.

A few other possible openings may be mentioned. The manufacture of matches is now in the hands of a trust which is said to be making very large profits through its monopoly of the market in a country where virtually everybody smokes and the consumption of matches is consequently very large. Soap is already manufactured in large aggregate quantities, but the factories are mostly small affairs with poor equipment. Large amounts of the better grades still continue to be imported and find a market in spite of the seemingly absurd prices. It is impossible, for example, to buy a cake of ordinary American,

English, or French toilet soap for less than 1\$500 (50 cents). Tinware, mainly tins for the use of the canning industries, is manufactured in large quantities from imported sheets, but most of it is either made by hand or by machine processes which were long ago abandoned in our country. Earthenware tiles, used very extensively for roofing throughout the country, continue to be imported in large quantities, and the same is true of butter and dairy products, though they might be produced almost anywhere from Minas Geraes south.

These are a few of the many industries which are awaiting development in this country. In mentioning them I am not merely giving expression to personal opinion; I am echoing a sentiment which is everywhere in the air. The authorities are fully awake to the desirability of introducing these and many other industries. There have been already many instances in which the Federal Government has granted exemption from or reduction of the duty on machinery and other outfit for the construction of factories, while the railroads have given reduced freights, and the State and municipal authorities have granted exemption from taxation for a considerable period. Precedent and public opinion are both distinctly in favor of such concessions and there is no doubt that new investors will continue to be similarly favored.

#### INJURY TO AMERICAN MANUFACTURERS.

The building up of these local industries will, it must be admitted, be detrimental to the interests of American exporters of the goods in question, but at worst it will only be the hastening of a process which has already begun and is certain to continue. A country with the natural resources of Brazil, animated by a determination to build up, through protection and other means, all industries which the nature of the country's raw materials makes possible, is certain, in time, to cease to import many articles for which it now furnishes a market. It is well to recognize this fact frankly and to take steps to reap whatever benefit may be derived from the changing conditions. If Americans do not step in and take a hand in the development, others will; and the indirect advantages flowing from the control of activities here will be lost to us. The new industries will reduce the demand for certain American products, but if they are either directly or indirectly controlled by Americans or fostered by them they will create a greater demand for other American products, such as machinery and other outfit, while the indirect effects of familiarizing the people with American methods and enterprise will be incalculable.

It must be remembered, too, that the building up of local industries does not necessarily mean the complete cessation of demand for imported goods, even of the same lines as those produced by the native mills. A new country like Brazil must build up its manufactures from

the bottom, so to speak. The first steps will be with the coarser and cheaper grades, while better grades will continue to come from abroad. This is a result of inferior technical skill on the part of the workmen, poorer quality of the raw material, or the necessity which a new industry feels for a broad market, such as can be reached only by selling to the great mass of the poorer portions of the population. In any case the growth of the local industries can not be a very rapid process, and the supplanting of foreign goods must progress slowly. Meantime a large market remains available and may be well worth striving for. There are also many kinds of goods which Brazil can never produce, and the market for these remains untouched by the development of manufactures which has already begun.

## X. AMERICAN EXPORT TRADE.

We have seen that there are certain industries developing in Brazil which are likely to continue to develop to the prejudice of imports of similar articles. There are many things, however, which Brazil is not likely ever to produce in any considerable quantities, of which she will import increasing amounts as her population grows; there are many others, such as certain raw materials and machinery, which will be more and more demanded as her industries develop. Some of these the United States does not produce in sufficient quantities for export, but there is a large number which she already exports or will export in time, in supplying which she may be expected to take a place in Brazilian trade. In Appendix I will be found a detailed list of Brazil's imports in 1903, with the share of each which the United States and other principal nations furnished. For most of these articles the figures may be left to speak for themselves, but there are certain more important ones in regard to which further comment seems necessary, and it will be found in the following pages. For each article named in the subjoined table the total value of imports is given in dollars gold, and the principal sources of supply in the order of their importance. Where any one country furnishes a much larger share than the others the name is italicized.

### VALUE OF LEADING ARTICLES OF IMPORTS INTO BRAZIL IN 1903, AND COUNTRIES FROM WHICH PRINCIPALLY IMPORTED.

[Numbers in the first column refer to comments regarding the respective items in the text following the table.]

#### RAW OR PARTLY ELABORATED MATERIALS FOR USE IN ARTS AND INDUSTRIES.

No.	Articles.	Countries from which principally imported.	Imports in 1903.
1	Cotton yarn .....	<i>Italy, England</i> .....	\$1,060,000
1	Sewing thread .....	<i>England</i> .....	1,440,000
	Copper and its alloys .....	<i>England, Germany</i> .....	350,000
2	Iron and steel:		
	Steel—Bar and rod .....	<i>England, France, Germany</i> .....	220,000
	Iron—Bar, rod, plain, and sheet....	<i>England, Belgium, Germany, Norway and Sweden, United States.</i>	720,000
3	Wood:		
	Match sticks and boxes .....	<i>Sweden and Norway, Russia</i> .....	152,000
	Wood pulp for paper .....	<i>United States</i> .....	17,000
	Pine .....	<i>United States, Canada, Norway and Sweden.</i>	1,230,000
4	Aniline and fuschine dyes .....	<i>Germany</i> .....	296,000
5	Coal .....	<i>England, United States</i> .....	6,100,000
6	Cement .....	<i>Germany, Belgium</i> .....	867,000
7	Tanned and otherwise prepared leather	<i>France, Germany, United States</i> .....	1,435,000
8	Vegetable oils .....	<i>United States</i> .....	490,000
9	Rosin .....	<i>United States</i> .....	390,000

VALUE OF LEADING ARTICLES OF IMPORTS INTO BRAZIL IN 1903, AND COUNTRIES FROM WHICH PRINCIPALLY IMPORTED—Continued.

[Numbers in the first column refer to comments regarding the respective items in the text following the table.]

## MANUFACTURES.

No.	Articles.	Countries from which principally imported.	Imports in 1903.
10	Cotton goods—Piece goods:		
	Unbleached .....	England, United States .....	\$250,000
	Printed .....	England, United States .....	4,250,000
	Bleached .....	England .....	2,240,000
	Dyed .....	England, United States .....	4,460,000
11	Arms and ammunition:		
	Artillery .....	France, Germany .....	150,000
	Lead bullets, shot, cartridges .....	United States, Germany .....	308,000
	Firearms .....	Belgium, United States .....	279,000
	Powder .....	Germany, United Kingdom .....	114,000
12	Railway cars and wagons .....	Belgium, United States .....	162,000
13	Other vehicles .....	France, United States, Belgium .....	56,000
14	Printers' type .....	Germany, Italy, France .....	80,000
15	Copper manufactures:		
	Unenumerated .....	Germany, United Kingdom, France, United States .....	648,000
	Wire .....	Germany, United States, United Kingdom .....	102,000
16	Iron and steel:		
	Fishhooks, spurs, stirrups, etc .....	United Kingdom, Germany, United States .....	160,000
	Wire .....	Germany, United States .....	860,000
	Galvanized corrugated sheets .....	United Kingdom .....	316,000
	Cutlery .....	United Kingdom, Germany, United States .....	517,000
	Axles, wheels, and parts—		
	For railway cars .....	United States, United Kingdom, Belgium .....	520,000
	For other vehicles .....	Germany, France, United States .....	32,000
	Staples, nails, screws, and other structural iron, etc .....	United Kingdom, Germany, Belgium, United States .....	890,000
	Rails and accessories .....	Belgium, Germany, United Kingdom, United States .....	1,500,000
	Tubes, pipes, etc .....	United Kingdom .....	480,000
	Machinery—		
	Electric lighting .....	United States, United Kingdom, Germany .....	626,000
	Photographic .....	France, Germany .....	98,000
	Scales, etc .....	United States, Germany, France .....	48,000
	Hydraulic pumps .....	United States, United Kingdom, Germany .....	70,000
	Locomotives .....	United States, United Kingdom, Germany .....	450,000
	Motors and fixed engines .....	United Kingdom, United States .....	133,000
	Sewing machines .....	Germany, United Kingdom, United States .....	458,000
	Typewriting .....	United States, Germany .....	18,000
	Agricultural and industrial machinery and implements .....	United Kingdom, Holland, United States, France .....	1,585,000
	Mills or grinders .....	United States, United Kingdom, France .....	56,000
	Cycles .....	United States, Germany, France .....	24,000
	Unenumerated .....	United Kingdom, Germany, United States .....	2,429,000
	Unenumerated .....	United Kingdom, Germany, France, United States .....	1,420,000
17	Scientific instruments and apparatus:		
	Surgical and dental .....	United States, Germany, France .....	304,000
	Mathematical .....	France, United Kingdom, Germany, United States .....	121,000
	Optical .....	France, Germany .....	41,000
18	Earthenware, glass, china, crystal, etc.:		
	Bottles, flasks, and goblets .....	Germany .....	361,000
	Window glass .....	Belgium .....	136,000
	Tiles, mosaics, bricks, etc .....	France, United Kingdom .....	224,000
	Earthenware and clay pipes .....	United Kingdom .....	43,000
	Earthenware and china, unenumerated .....	United Kingdom, Germany .....	923,000
	Glass and crystal, unenumerated .....	France, Germany, Austria .....	298,000
19	Paper, and manufactures of:		
	Books, newspapers, periodicals, etc .....	France, Portugal, Belgium, Germany .....	513,000
	Printed matter, unenumerated .....	Germany, France .....	133,000
	Printing paper .....	Germany, Sweden and Norway, Belgium .....	700,000
	Writing paper .....	Germany, Italy, Austria .....	420,000
	Millboard and cardboard .....	Germany .....	160,000
	Paper for other purposes .....	Germany, France, Sweden and Norway .....	889,000
20	Leather manufactures:		
	Boots and shoes .....	United Kingdom, Austria, United States .....	231,000
	Belting .....	United Kingdom .....	104,000
	Harness and saddlery .....	United Kingdom, France .....	31,000
21	Perfumery .....	France, United States .....	584,000
22	Paints and varnishes .....	United Kingdom, Germany, United States .....	302,000
23	Sundry articles:		
	Stationery .....	Germany, France, United Kingdom, United States .....	197,000
	Articles for lighting by gas, kerosene, etc .....	Germany, United Kingdom, United States .....	248,000
	Hats .....	France, United Kingdom, Italy, Germany .....	287,000

## VALUES OF LEADING ARTICLES OF IMPORTS INTO BRAZIL IN 1903, AND COUNTRIES FROM WHICH PRINCIPALLY IMPORTED—Continued.

[Numbers in the first column refer to comments regarding the respective items in the text following the table.]

## MANUFACTURES—Continued.

No.	Articles.	Countries from which principally imported.	Imports in 1903.
23	Sundry articles—Continued.		
	Umbrellas, parasols, etc.	<i>France, Germany, Belgium</i>	\$155,000
	Clocks and watches	<i>Switzerland, United States, Germany</i>	233,000
	Dynamite and other explosives	<i>United Kingdom, Germany, France</i>	138,000
	Rubber manufactures	<i>Germany, United Kingdom, France, Italy, United States</i>	594,000
	Lubricating oils	<i>United States</i>	415,000
	Soap	<i>United Kingdom, United States</i>	204,000
	Lard	<i>United States</i>	890,000
	Bacon	<i>United States</i>	229,000
	Preserved meats and extracts	<i>Portugal, Italy, United States</i>	160,000
	Hams	<i>United Kingdom, United States</i>	150,000
	Butter	<i>France, Denmark, United States</i>	1,490,000
	Cheese	<i>Italy, Holland</i>	550,000
	Condensed milk	<i>Switzerland, United Kingdom, United States</i>	360,000
	Preserved fruits and vegetables	<i>Portugal, France, Italy, United States</i>	260,000
	Dried fruits and vegetables	<i>France, Spain, Portugal, United States</i>	215,000
	Preserved fish (not including cod-fish, which comes mostly from Canada).	<i>Portugal, United States, France</i>	470,000
	Beer	<i>United Kingdom, Germany, United States</i>	190,000
	Wines	<i>Portugal, Italy</i>	7,295,000

1. With the growth of the domestic cotton mills there has been considerable development of the imports of yarn, Italy having in recent years taken first place in the market. The increase of cotton growing near the mills in Brazil is likely, however, to reduce these imports sooner or later. (See also Appendix I, Nos. 1-3.)

2. There is in Rio de Janeiro and Sao Paulo a growing industry in the manufacture of smaller articles of iron and steel, utensils, tools, machines, etc., and in general repairing. The materials must, of course, be purchased abroad, and the imports will continue to grow. In steel the share of the United States is insignificant, but in iron we have begun to make a showing. (See also Appendix I, Nos. 54-56.)

3. Very large quantities of matches are made in the numerous factories of Brazil, but the manufacturers have failed to find a native wood suitable for either the sticks or the boxes and they are almost wholly imported. Nor has a completely satisfactory wood been found for use in the growing paper industry, though there are reports of discoveries in some of the more elevated regions of the plateau. The same is true in regard to soft woods for building purposes. It is doubtful, however, whether any of the native woods will prove so satisfactory for these purposes as those of the temperate climates, and imports may be expected to continue. (See also Appendix I, Nos. 89-93.)

4. Increased importation in aniline and fuschine dyes is assured by the growth of the native textile mills. (See also Appendix I, No. 100.)

5. United States exports of coal to Brazil are growing, but they are still insignificant as compared with England's. The only American coal which has been tried seems to be the "Pocahontas." Everywhere

in Brazil I heard it praised as an excellent and cheap coal when properly handled. The reason why it has not met with greater success seems to lie in the fact that sufficient effort has not been made to see that this necessary "proper handling" is given it. In the first place, it is not stored properly; it is said to deteriorate when exposed to the weather in the Tropics. Storage sheds might obviate this difficulty. In the second place, Brazilian stokers do not learn readily the proper method of "firing" with it. They claim it requires more trouble than other coals and are prejudiced against it. A much larger business could probably be done if steps were taken to overcome this prejudice by proper instruction. (See also Appendix I, Nos. 115-116.)

6. Brazil is using rapidly increasing quantities of cement. Particularly in the next few years, while the great city improvements in Rio de Janeiro and the harbor improvements in Rio, Para, Rio Grande do Sul and elsewhere are being carried out, the consumption will be enormous. Unfortunately, the contractors, unless they happen to be Americans, seem to be ignorant of the fact that such a thing as American cement exists. Consequently, nearly all the supplies come from Germany and Belgium (English is said to be too high-priced) at prices considerably higher than American producers could quote. A large company making street improvements in Rio de Janeiro, for instance, is now importing 70,000 barrels of Belgian cement, at \$1.70 per barrel c. i. f. American makes of as good quality could undoubtedly be furnished at 25 per cent less. Our exporters must learn to put their product into better barrels, however. I saw a cargo of American cement in Rio de Janeiro on which the loss from "leakage" must have been at least 5 per cent. (See also Appendix I, No. 117.)

7. Brazil's imports of leather are declining as local tanneries grow in size and number, and may be expected to continue to fall, except as regards finer grades. These better grades, I was told by leather manufacturers in Rio de Janeiro and Sao Paulo, can be bought more cheaply in France, Germany, and other parts of Europe than in the United States. (See also Appendix I, No. 42.)

8. This item consists mainly of cotton-seed and linseed oils. The United States has a monopoly of the former and a fair share in the latter. There is, however, a growing home production of cotton-seed oil in Pernambuco, Bahia, Sao Paulo, and elsewhere, and if the promised development of cotton raising takes place, our sales may be expected to decline in a few years. (See also Appendix I, No. 123.)

9. There seem to be no other possible sources of supply of rosin than the United States, except on a limited scale, and our sales may be expected to increase as Brazil's population and industries grow. (See also Appendix I, No. 124.)

10. American exports of cotton manufactures are very small as compared with England's, it being the universal opinion in Brazil that

our prices for similar grades are higher. In prints we seem to be having some success, and the best outlook is in this direction. Except in a few unimportant instances, the Brazilian mills do not make this class of goods. (See also Appendix I, Nos. 4-12.)

11. Orders for arms and ammunition for warlike purposes almost always go to those countries which have the strongest financial hold in Brazil. In sporting supplies the United States is making a good showing, though the high price of her arms is an obstacle that can be overcome only by proof of superior excellence. The people like the American arms, as is witnessed by the fact that many of the cheap foreign makes which one sees offered for sale, such as the Spanish, are exact imitations of ours. I recently saw two revolvers in the same shop, one of American make, whose price was \$20; the other, a Spanish imitation, in outward appearance exactly the same weapon as the American, for which only \$8 was asked. Some of our American manufacturers, however, have an excellent system of permanent traveling agencies in South America and are said to be gaining rapidly on their rivals, both American and foreign. (See also Appendix I, Nos. 126-132.)

12. The imports of railway cars and wagons are decreasing, domestic goods made principally in Rio and Sao Paulo being substituted for foreign products. The American style of railway car is coming more and more into use, however, and the development of Brazil's manufacture is demanding rapidly increasing imports of American fittings, wheels, etc. (See also Appendix I, Nos. 133-134.)

13. Of "Other vehicles" imported, the majority are for the cities, but their use is limited. They consist mainly of tilburies, ordinary hacks, and low-bodied cabs with large tops for rainy weather. The preference for French and Belgian makes seems to be due simply to a liking for those patterns. Probably many of the vehicles imported are also second-hand ones from the continental cities where their use is so universal. Heavy wagons, carts, trucks, etc., are of domestic manufacture mainly. (See also Appendix I, No. 134.)

14. I was told that American type is considered very excellent in quality, but difficulties are encountered in getting the exact sizes wanted. (See also Appendix I, No. 50.)

15. By far the largest item in the "Unenumerated" is undoubtedly various articles of household furnishing, lamps, chandeliers, electric and gas fixtures, etc., and the German goods hold the market apparently because, so far as I could learn, no very serious effort has yet been made to introduce the American makes. There is a good opening just at present, particularly in Rio de Janeiro, where the vast city improvements being carried on have destroyed hundreds of the old buildings in the crowded portion of the city, have opened up broad new avenues, and made room for modern office buildings and residences.



There are no fewer than 500 such buildings now under construction, and many others have been contracted for. (See also Appendix I, Nos. 52-53.)

16. It will be seen that in a considerable number of iron and steel articles the United States already holds first place—in axles, wheels, etc., for railways; electric lighting machinery, scales, etc., pumps, locomotives, typewriters, cycles, mills and grinders. In several others we occupy a prominent place; and in all we have at least gained a foothold. Nearly all of our iron and steel goods, especially machinery, are acknowledged to be of superior excellence, and the reason our share in the trade is not larger seems to lie in the refusal of our exporters to grant credits or to take proper steps to push sales systematically. These difficulties are discussed elsewhere. As offering particularly good openings just now, may be mentioned the following items:

*Rails for railroads and street-car lines.*—Many extensions are being made or will be made in the near future. It is said that Belgian rails are at present preferred because considerably lower in price than others. They are inferior in quality, but are found good enough for roads on most of which speeds are low and traffic light. (See also Appendix I, Nos. 57-83.)

*Electric machinery.*—The city improvements in Rio, Sao Paulo, and in many of the smaller towns are demanding increased supplies. (See also Appendix I, Nos. 57-83.)

*Agricultural machinery.*—Agricultural machinery proper is at present comparatively little used, by far the greater part of the total imports mentioned (\$1,580,000) being “implements,” such as hoes, spades, axes, machetes, etc. The strong movement now noticeable in favor of improved agriculture will, however, create a demand for machines, and there is no reason why the United States should not secure the trade. Particular attention should be drawn to the needs of the coffee planters. Machines for the treatment of the coffee after it is harvested have already reached a high degree of perfection, but the cultivation and picking are still largely done by hand labor. The recent low market prices of coffee have emphasized the necessity of reducing the cost of production, and labor-saving machines would command a ready sale.

The State of Sao Paulo is about to offer prizes for the invention of such machines. These will take the form of a cash premium of considerable amount, a trophy to be held until some superior invention claims it, and the granting of exclusive selling rights for several years. The device most needed is for picking coffee, as this would be the key to the whole situation. Machinery could long ago have been introduced into the cultivation and winnowing of the coffee were it not for the present necessity of keeping a large number of employees

at work the entire year so as to have abundant labor at hand during the few months of the picking season. A satisfactory picker would make the fortune of its inventor. Cultivators and winnowers would be the next step, and the prizes offered are to cover these machines as well. (See also Appendix I, Nos. 57-83.)

*Windmills and small motors.*—The recent years of drought in the States of Pernambuco, Parahyba, and Rio Grande do Norte have turned attention to the possibility of small scale irrigation in that section of the country. Well water is readily obtainable, and a demand is springing up for windmills and small motor pumps. (See also Appendix I, Nos. 57-83.)

17. In surgical and dental apparatus the United States leads, probably because American-trained dentists are so numerous in Brazil. Our success in these, however, indicates that we might have a profitable trade in mathematical and optical instruments as well. (See also Appendix I, Nos. 137-139.)

18. In earthenware and china the United States does not take any prominent place, but this is scarcely surprising if we recall the fact that we have not yet become an important exporter of such goods. Our total annual sales to all countries are only about \$3,000,000. (See also Appendix I, Nos. 84-88, 120-122.)

19. Of only two classes of paper does the United States produce any considerable surplus for export—printing paper and paper for miscellaneous purposes. Books, newspapers, and other printed matter, in a country such as Brazil, whose people make use of very little English, naturally are purchased in European countries. American printing, writing, and other papers are acknowledged to be of good quality, but the prices are said to be higher than European. Brazil is beginning to manufacture considerable quantities herself, importing some wood pulp as well as utilizing native grasses and fibers. (See also Appendix I, Nos. 33-41.)

20. Imports of leather manufactures are relatively small and are decreasing as a result of increasing home production. Boots and shoes are the largest item and the only one in which the United States makes a showing. The trade in the finer grade could probably be increased. (See also Appendix I, Nos. 43-47.)

21. Perfumery is much used by both men and women, and the United States is beginning to develop a trade, though the French article is preferred. (See also Appendix I, No. 103.)

22. Paints and varnishes come chiefly from England, but the American products are well thought of and their sale is increasing. We are as yet, however, only a small exporter of these goods to any market. (See also Appendix I, No. 105.)

23. Imports of lubricating oils and soap are likely to decrease because of increasing home production. Soap is already made in large

quantities, and only the higher grades of toilet soap will continue to be purchased abroad. As to lubricating oils, the castor bean grows readily in most parts of the country and the homemade oil is coming more and more into use as a lubricator. Gunpowder is also mainly produced at home, though dynamite imports are likely to continue. Umbrellas and parasols are being made largely in the country, though the "manufacture" consists almost wholly of the mere "assembling" of imported "parts." Local hat factories, too, are turning out a satisfactory article at lower prices than the goods imported from Europe. American hats are still higher priced and are little used. The other articles in the list will probably continue to be imported, and American trade in them might be increased by the manufacture of cheaper grades in styles which suit the tastes of the lower and middle-class Brazilians. This is particularly true of stationery, lamps, and gas fixtures, and clocks and watches. A good business could be done in inexpensive kerosene lamps for the smaller towns in the country districts. Nearly everybody uses kerosene, but in the outlying districts it is generally burned in a "torch" similar to those which are used at home in "torch-light processions," chimneyless and smoky.

There are also certain food stuffs which continue to be imported in considerable quantities in spite of home productions. Most of them will probably decline as domestic industries increase, but a good trade may be done meantime. Breadstuffs have already been considered elsewhere.

In lard and bacon the United States has long held the bulk of the trade. The same is probably true of hams, though the trade is indirect. Our exporters do not use sufficient care in selecting or packing hams for the journey through the Tropics, and the result is that they go to England, are repacked, and come to Brazil as English hams. French butter is preferred to American, largely because the people are accustomed to it, but also partly because the French article keeps better after the tin is opened. The former difficulty might be overcome by a "campaign of education," and the latter either by adopting the French processes or by packing in smaller tins. California preserved fruits and vegetables and dried fruits are beginning to come to Brazil in considerable quantities, and find a ready sale in spite of high prices. California wines also could probably be introduced to a limited extent by pushing them on the market in the manner now employed in England and on the Continent. (See also Appendix I, Nos. 143-196.)

## **XI. IMPORT DUTIES.**

The Brazilian customs tariff is highly complicated and its application full of intricacies. Moreover, it is changing annually as each Congress finds alterations desirable either for purposes of revenue or the protection of home industries. The Executive, too, has power in certain cases to make alterations by decree, subject to an approval which may or may not be granted at the next succeeding assembling of the Congress. It is impossible, therefore, to give any detailed information on the subject which can prove of more than temporary value to exporters to Brazil. The most that can be done is to describe some of the most general characteristics of the tariff, and this I shall endeavor to do in as few words as possible.

### **PROTECTIVE TARIFF SENTIMENT.**

The tariff is, in the first place, a highly protective one. Nearly all goods which there is the slightest possibility of producing at home are burdened with duties, some of which are prohibitive. The leading men in the politics of the country are frankly protectionists, and though there is dissent in the north and in portions of the central tier of States, where manufactures will never be prominent among the industries and high duties on foreign goods are therefore considered an unnecessary hardship, there can be no question that protection will be maintained.

The duties are not solely designed for protection of home industries, however. Necessity for revenue has led to the taxing of imports of many things which Brazil does not and can not produce, notably certain food stuffs and other prime necessities for the people, such as wheat and kerosene.

### **COMPLICATED SCHEDULES.**

As a result of the dual character of the tariff and the multiplicity of interests involved, the tariff schedules are lengthy and complex. The law, as it stands to-day, mentions between 3,000 and 4,000 separate classes and subclasses of goods. Less than a score of these are free of duty, the following being the chief ones: Animals, dried, stuffed, etc., for museums, etc.; guano and other manures; eggs; trees, plants, etc.; berries, roots, seeds, etc., for gardens, etc.; manuscripts; porous earthenware tubes for filters; coal; glass, broken, residue of factories, etc.; gold, silver, platinum, in bar, dust, etc.; gold and silver coins; agricultural implements. This list does not, however, really

cover all "free" goods, for it frequently happens that through special concessions goods intended for the establishment of new industries, machinery, materials for railways, etc., are permitted to enter the country without the payment of duties. In fact, it may almost be said to be a settled policy of the Government thus to favor bona fide investors.

On nearly all dutiable goods the duty is specific, less than 150 in the entire list being ad valorem. The specific duties are, some of them, by measurement, as in the case of liquids, but are usually by weight or count. When by weight, they are generally levied on gross weight, though on some articles a reduction is made for tare. Articles not mentioned in the schedules are classed with similar articles in the lists, but if such a classification is impossible they are taxed 50 per cent ad valorem.

The published rates in the tariff cover only a part of the charges to which imported goods are subject. There are in addition port dues, custom-house fees, etc., which in some cases add very materially to the total charges. There are also heavy storage rates in case goods are not promptly removed from the custom-house. It is a common statement that articles on the "free" list in reality pay charges which amount to at least 15 per cent ad valorem, and this probably is true as a general estimate.

Until a few years ago duties were payable in paper, but the movement toward the establishment of a gold basis in the monetary system has led to a change. Twenty-five per cent of the duties are now payable in gold, and there is a possibility that the proportion will soon be raised to 50 per cent. In practice, gold is not actually paid, however, the paper value of the portion of the duty payable in gold being estimated at the current rate of premium and added to the portion payable in paper. At Rio de Janeiro a 2 per cent ad valorem tax, payable in gold, is added to the usual duty, the amounts thus collected being devoted to the harbor and dock works now being constructed.

#### DIFFICULTIES FOR FOREIGN MERCHANTS.

The complicated character of the tariff, the great differences which often exist in the amount of duties levied on goods of seemingly similar character, the fluctuations in the gold value of the milreis, the minute requirements as to methods of packing, shipping, invoicing, and "dispatching" of goods, and, above all, the somewhat arbitrary power placed in the hands of the Brazilian customs officials, all combine to render it virtually impossible for the merchant at a distance to form any certain estimate of the amount of duty which his goods will have to pay in Brazilian ports. Correspondence or the most careful study of the Brazilian tariff law, as published in full in Brazil or condensed in our Consular Reports, will be of little assistance to him. Even

men who have lived many years in Brazil, who have had wide personal experience in import trade or who have professional "dispatchers" in their employ, occasionally make costly blunders. More often the importer suffers because the shipper has failed to comply with some minute detail of the law. Men longest in the business are most emphatic in their reiteration of the difficulties.

Such uncertainties are, of course, a greater obstacle to new countries entering the market than to those whose business has been long established; more insuperable to small firms than to large. When trade has been carried on for a considerable time, when shipments are large and regular, and the revenue authorities are accustomed to dealing with the goods in question and the parties concerned, the collection of the duties becomes more a matter of routine, and the difficulties are minimized. Thus it happens that the Brazilian tariff, without intentional discrimination, operates as a more serious handicap to import trade from the United States than from the principal European countries.

#### EFFECT OF RISE IN VALUE OF THE MILREIS.

Before leaving the subject of tariff it is necessary to add a few words as to the effect of the recent rise in the gold value of the Brazilian milreis. The direct and immediate result has been to decrease the Government's revenue as measured in paper and to increase it as measured in gold. The portion of the duty (75 per cent) payable in paper remains unchanged, while the portion payable in gold (25 per cent) when converted into paper of increased value produces less, and the total of paper milreis collected is therefore smaller than it was before. But the increased gold value of the paper collected makes the real income of the Government greater, for the 25 per cent payable in gold remains unchanged, while the 75 per cent payable in paper has increased in gold value, making the total larger.

The question of Government revenue, however, is but remotely connected with the influence on the import trade. The important question before us is, In what way, if any, does the rise in value of the milreis so affect the customs tariff as to stimulate or hinder the purchase of foreign goods in competition with the products of the local industries which the tariff is designed to protect? The answer has already been given in the discussion of the effects of rising exchange, where it was pointed out that while the increased gold value of the duties collected apparently strengthens the tariff barrier it really reduces the amount of protection of the home industries by making it possible for foreign manufacturers to reduce their prices in milreis without reducing their profits. It must be borne in mind, however, that such effects are temporary in character and that local prices will adjust themselves to the gold value of the milreis in a few years if the present high rate of exchange becomes permanent.

## XII. CONCLUSION.

In this sketch of trade conditions in Brazil little has been said directly as to the means by which our trade might be increased. The main object has been to gain a closer knowledge of existing difficulties before attempting to suggest remedies. Our position in Brazil is not so bad as is sometimes pictured; in many respects we are making a better showing than our competitors. Yet the real question which must interest every American exporter is not whether we are doing as well as our competitors, but whether we are doing as well as we might. And to this question there can be but one answer; we have, as yet, scarcely touched the possibilities which Brazil presents. The question of remedies is complex; there is no simple panacea. There are certain lines of Government action which would help; there is even more which must be left to the individual or collective activity of our merchants. The various suggestions which have been made from time to time may be mentioned briefly.

### RECIPROCITY TREATY NEEDED.

Brazil and the United States offer almost ideal possibilities for reciprocal trade. The one is preeminently a producer of tropical and subtropical raw materials and food stuffs; the other offers temperate-climate food stuffs and highly developed manufactures. The United States is Brazil's best customer for her greatest products—coffee and rubber. Brazil now takes relatively little in return. This return trade could be stimulated by a simple readjustment of portions of the Brazilian tariff.

Direct discrimination in favor of American goods is not likely to be obtained, and if obtained could not remain permanent. Favors granted to American flour exporters rouse the hostility of Argentine producers; reductions on American iron and steel or textiles bring protests from Europe; the admission of foreign goods which compete with Brazil's own products injures her infant industries. But even without discriminating favors, and without injury to Brazil's producers, something might be done. The United States exports to Brazil a larger quantity than any other country of silk yarn and thread, electric apparatus, scales and balances, pumps, locomotives, typewriters, windmills, bicycles, pine lumber, medicinal pills and capsules, rosin, lead bullets, shot, cartridges, etc., surgical and dental instruments, and

kerosene. None of these is produced in Brazil, yet the import duties on them are high, as will be seen from the following statement:

Silk yarn and thread, from 30 cents to \$1.80 per pound.  
 Electric lighting apparatus, 15 per cent ad valorem.  
 Scales, from \$8.67 apiece on those with a weighing capacity of 220 pounds to \$107 apiece on those with a capacity of over 5 tons.  
 Pumps, hand, 10½ cents per pound; steam, 15 per cent ad valorem.  
 Locomotives, 15 per cent ad valorem.  
 Typewriters, \$10 apiece.  
 Windmills, 15 per cent ad valorem.  
 Bicycles, \$16.67 apiece.  
 Pine lumber, \$11.67 per thousand feet.  
 Medicinal capsules and pills, \$3 per pound.  
 Rosin, 0.3 cent per pound.  
 Lead bullets, etc., 4½ cents per pound.  
 Surgical and dental instruments, specific duties equaling 15 per cent ad valorem.  
 Kerosene, 1.06 cents per pound, equaling about 7 cents per gallon.

A reduction on many of these could probably be made without seriously affecting Brazilian revenues, and the United States, as the chief source of imports, would get the most benefit.

#### INADEQUATE CONSULAR SERVICE.

The American consular service in Brazil is inadequate. We have too few representatives, and the inducements to enter the service are so small that we do not get so high a degree of efficiency as is attained by other nations. The present amount of our trade in many parts of the country does not in itself warrant greater expenditure; but if we are to look to the future, if we are to enter seriously into the business of capturing Brazilian trade, we should have a representative at every point where any of our competitors has one, and he should be of equal rank and have equal remuneration with his foreign colleagues. We have consular officers at only thirteen places in a country which is considerably larger than the whole of the United States, and their combined salaries amount to only \$17,000 per annum.

The suggestion that we have commercial attachés associated with the embassy or with the consulates has been exhaustively discussed in a recent report to the Senate and House of Representatives (House Doc. No. 245, 58th Cong., 3d sess.), and there is little need for further comment. Such attachés would undoubtedly be useful, but it may be questioned whether for Brazil the extension of the consular service itself is not the more crying need.

#### DISPLAY OF PRODUCTS.

The peculiar conservatism of the Brazilian market would prevent permanent exhibits of American goods in connection with the consulates from being of more than very moderate usefulness. New goods



must be energetically pushed; the substratum of the people must be touched. It is not probable that many would even take the trouble to look at such exhibits in the consulates. Displays by merchants or groups of merchants, made in prominent places, such as the fashionable shopping streets or the popular promenades, would accomplish far more.

#### MAIL FACILITIES AND STEAMSHIP SERVICE.

One of the greatest handicaps to the small importer in Brazil or the small exporter from the United States is the uncertainty and irregularity of the mail service. A very little additional expense would at least insure a greater degree of regularity than exists at present. In sending out mails from New York, a selection of steamers which would reach their destination quickest would be a distinct improvement. At certain times in the month the sending of mails via Europe would save a week or ten days.

This is not the place to discuss the question whether new steamship lines should be established with Government assistance or by purely private enterprise. But an improved service, by whatever means it might be established, would in time benefit our trade. The chief results would be what we may call indirect. As things are to-day, freight rates from the United States and from Europe do not differ materially. American shippers who find difficulties in getting freight accommodations are mainly those who go into Brazilian trade spasmodically, "dumping" their goods at times of slack home market. Regular shippers meet with but relatively few difficulties. Indirectly, however, an improved service is desirable, especially if it were under the American flag. The benefits would be:

(a) A rousing of the Brazilian people to an appreciation of the commercial power of the United States and a diverting toward our country of the current of public opinion which now flows so strongly toward Europe.

(b) Increased tourist and general passenger travel between the two countries, giving Brazilians a closer knowledge of the resources of the United States and revealing to Americans the peculiar needs of Brazil and the many opportunities for investment which that country affords.

(c) An efficient mail service in place of the irregular and uncertain communication which at present exists.

#### AMERICAN BANK NEEDED.

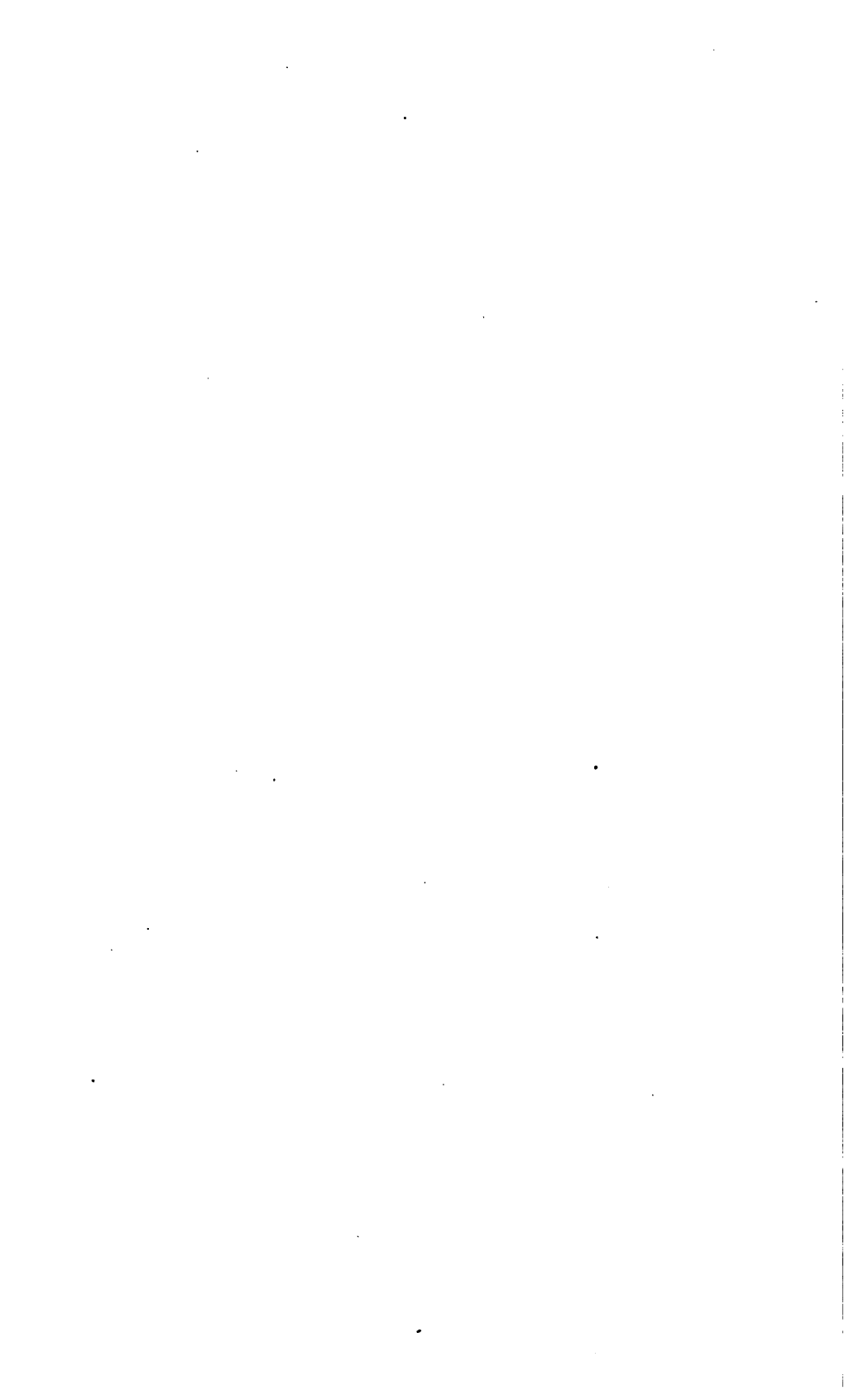
An American bank is not a *sine qua non* of success in Brazil, but it would help. More than that, it would prove successful at once and increasingly profitable. There are millions of dollars' worth of business to be done annually in the adjustment of international payments,

in the financing of local industries and enterprises, and in the smaller daily banking transactions which an American bank could take a profit from, saving time and interest by direct settlements and pocketing commissions which now go to London. A bank could also supply our exporters with quick and reliable information as to the financial standing of firms—a service which under present conditions can be performed through no other agency.

Industrial investments would act even more directly through creating a demand for American machines and materials.

#### CONDITIONS ESSENTIAL TO SUCCESS.

There is a necessity for more serious attention, on the part of American exporters, to the peculiar needs of the Brazilian market. This subject has been dwelt on with tiresome reiteration. We have heard so much about the necessity for correct packing, the minute attention to details of orders, the indispensability of long credits, etc., that we turn from them with a shrug. Yet the reiteration is made necessary by our exporters' persistent disregard of these factors. None of the other proposed remedies for the backward position of our Brazilian trade is of importance comparable with this. Until our exporters find it worth their while to enter seriously and stubbornly into the business of capturing the market and keeping it, nothing will avail. There is no quick and easy remedy; money must be spent, thoroughly equipped export managers must be employed, export houses specializing on South American trade must be established, efficient travelers must be sent out, technical experts employed, agencies established, credits be given, minutiae of orders attended to, and, above all, trade connections adhered to in spite of allurements of the home market, if we would succeed in the face of our competitors. Halfway measures can accomplish but little, and that only temporarily.



# APPENDIXES.

## APPENDIX I.

QUANTITY OR VALUE OF SPECIFIED ARTICLES OF IMPORTS INTO BRAZIL FROM LEADING COUNTRIES IN 1903, WITH THE PERCENTAGE OF TOTAL OF EACH COUNTRY.

No.	Articles and country of origin.	Quantity or value.	Per cent.	No.	Articles and country of origin.	Quantity or value.	Per cent.
1	Cotton, raw or prepared for manufacture:	<i>Metric tons.</i>		7	Cotton manufactures, including mixed goods—Continued.		
	Germany .....	267	5.7		Includes—		
	France .....	44	.9		Wearing apparel—	<i>Dollars.</i>	
	United Kingdom .....	2,996	63.5		Germany .....	167,000	19.1
	United States .....	70	1.5		France .....	164,000	18.9
	Italy .....	1,298	27.5		United Kingdom .....	28,000	3.2
	All others .....	43	.9		United States .....	1,000	.1
	Total .....	4,718	100.0		Italy .....	18,000	2.1
2	Includes—				Switzerland .....	3,000	.3
	Yarn—				Portugal .....	175,000	20.1
	Germany .....	205	6.6		Austria .....	305,000	35.1
	United Kingdom .....	1,578	50.9		All others .....	9,000	1.1
	United States .....	36	1.2		Total .....	870,000	100.0
	Italy .....	1,267	40.9				
	All others .....	11	.4	8	Piece goods—	<i>Metric tons.</i>	
	Total .....	3,097	100.0		Bleached—		
3	Thread for sewing—				Germany .....	27	1.0
	Germany .....	49	4.7		France .....	23	.9
	France .....	7	.7		United Kingdom .....	2,527	93.9
	United Kingdom .....	939	89.8		United States .....	71	2.7
	United States .....	10	1.0		Italy .....	6	.2
	Italy .....	30	2.8		Switzerland .....	14	.5
	All others .....	10	1.0		All others .....	20	.8
	Total .....	1,045	100.0		Total .....	2,688	100.0
4	Cotton manufactures, including mixed goods:	<i>Dollars.</i>		9	Unbleached—		
	Germany .....	2,244,000	13.7		Germany .....	3	.7
	France .....	778,000	4.8		France .....	3	.7
	United Kingdom .....	10,334,000	63.1		United Kingdom .....	353	81.2
	United States .....	963,000	5.9		United States .....	58	13.3
	Italy .....	715,000	4.4		Italy .....	4	.9
	Switzerland .....	314,000	1.9		All others .....	14	3.2
	Austria .....	531,000	3.2		Total .....	435	100.0
	Portugal .....	184,000	1.1	10	Prints—		
	Belgium .....	210,000	1.3		Germany .....	236	5.4
	All others .....	112,000	.6		France .....	18	.4
	Total .....	16,385,000	100.0		United Kingdom .....	3,507	79.2
5	Includes—				United States .....	450	10.2
	Hosiery—				Italy .....	109	2.5
	Germany .....	322,000	83.0		Austria .....	83	1.8
	France .....	57,000	14.6		All others .....	22	.5
	United Kingdom .....	5,000	1.4		Total .....	4,425	100.0
	All others .....	4,000	1.0	11	Dyed—		
	Total .....	388,000	100.0		Germany .....	206	4.7
6	Lace, insertions, etc.—				France .....	120	2.7
	Germany .....	373,000	38.3		United Kingdom .....	3,051	70.0
	France .....	93,000	9.6		United States .....	437	10.0
	United Kingdom .....	354,000	36.3		Italy .....	337	7.8
	Italy .....	34,000	3.6		Austria .....	18	.4
	Switzerland .....	96,000	9.8		Belgium .....	116	2.7
	All others .....	23,000	2.4		Switzerland .....	45	1.0
	Total .....	973,000	100.0		All others .....	30	.7
					Total .....	4,360	100.0

## QUANTITY OR VALUE OF SPECIFIED ARTICLES OF IMPORTS INTO BRAZIL FROM LEADING COUNTRIES IN 1903, ETC.—Continued.

No.	Articles and country of origin.	Quantity or value.	Per cent.	No.	Articles and country of origin.	Quantity or value.	Per cent.
	Cotton manufactures, including mixed goods—Continued.				Manufactures of linen, jute, and hemp—Continued.		
	Includes—				Includes—		
12	Piece goods—Cont'd.	<i>Metric tons.</i>		20	Wearing apparel—	<i>Dollars.</i>	
	Unenumerated—				Germany .....	25,000	21.0
	Germany .....	287	20.5		France .....	16,000	13.0
	France .....	76	5.4		United Kingdom .....	15,000	12.8
	United Kingdom .....	463	33.2		Italy .....	12,000	10.3
	United States .....	111	7.9		Austria .....	45,000	37.6
	Italy .....	299	21.4		All others .....	6,000	5.3
	Switzerland .....	17	1.2		Total .....	119,000	100.0
	Austria .....	19	1.4				
	Belgium .....	89	6.4	21	Piece goods, all kinds:		
	Holland .....	17	1.2		Germany .....	37,000	5.3
	All others .....	19	1.4		France .....	99,000	14.2
	Total .....	1,397	100.0		United Kingdom .....	425,000	61.1
13	Jute and hemp:				United States .....	1,000	.1
	Germany .....	90			Belgium .....	120,000	17.3
	France .....	33			All others .....	14,000	2.0
	United Kingdom .....	13,310	90.0		Total .....	696,000	100.0
	United States .....	4					
	Total .....	14,773		22	Wool (mostly yarn):	<i>Metric tons.</i>	
14	Includes—				Germany .....	119	20.0
	Yarn—				France .....	124	20.7
	Germany .....	58			United Kingdom .....	234	39.2
	France .....	31			Belgium .....	70	11.7
	United Kingdom .....	13,089	95.5		All others .....	51	8.4
	United States .....	4			Total .....	598	100.0
	Total .....	13,742		23	Manufactures of wool, including mixed goods:	<i>Dollars.</i>	
15	Manufactures of linen, jute, and hemp:	<i>Dollars.</i>			Germany .....	716,000	26.9
	Germany .....	150,000	11.6		France .....	488,000	18.2
	France .....	165,000	12.8		United Kingdom .....	1,124,000	42.1
	United Kingdom .....	698,000	54.1		United States .....	2,000	...
	United States .....	11,000	.8		Italy .....	25,000	1.0
	Italy .....	23,000	1.8		Belgium .....	137,000	5.1
	Belgium .....	136,000	10.6		Argentina .....	54,000	2.0
	Austria .....	54,000	4.2		All others .....	124,000	4.7
	All others .....	52,000	4.1		Total .....	2,671,000	100.0
	Total .....	1,289,000	100.0	24	Includes—		
16	Includes—				Braids, tassels, and trimmings of all kinds—		
	Tapestry, oilcloths, and carpets—				Germany .....	29,800	78.8
	Germany .....	4,500	15.3		France .....	5,500	14.6
	France .....	3,800	12.7		United Kingdom .....	1,000	2.6
	United Kingdom .....	18,200	61.8		All others .....	1,500	4.0
	United States .....	500	1.7		Total .....	37,800	100.0
	All others .....	2,500	8.5	25	Tapestry and carpets:		
	Total .....	29,500	100.0		Germany .....	16,800	29.6
17	Hessians—				France .....	18,200	32.3
	Germany .....	200	1.4		United Kingdom .....	21,000	37.2
	United Kingdom .....	13,800	75.3		All others .....	500	.9
	United States .....	200	1.4		Total .....	56,500	100.0
	Uruguay .....	4,000	21.9	26	Alpacas, muslins, merinos, damasks, cassimeres, flannels, etc.:		
	Total .....	18,200	100.0		Germany .....	420,000	19.6
18	Cordage—				France .....	348,000	16.2
	Germany .....	24,000	11.0		United Kingdom .....	1,165,000	54.2
	United Kingdom .....	150,000	69.9		United States .....	1,000	.1
	United States .....	8,000	3.6		Belgium .....	136,000	6.3
	Belgium .....	14,000	6.7		All others .....	78,000	3.6
	All others .....	19,000	8.8		Total .....	2,148,000	100.0
	Total .....	215,000	100.0	27	Wearing apparel:		
19	Sheets, towels, and napkins—				Germany .....	71,000	40.6
	Germany .....	5,000	9.6		France .....	93,000	53.5
	France .....	21,000	46.2		United Kingdom .....	6,000	3.5
	United Kingdom .....	4,000	7.7		All others .....	4,000	2.4
	Belgium .....	15,000	29.3		Total .....	174,000	100.0
	All others .....	1,000	7.2				
	Total .....	52,000	100.0				

## QUANTITY OR VALUE OF SPECIFIED ARTICLES OF IMPORTS INTO BRAZIL FROM LEADING COUNTRIES IN 1903, ETC.—Continued.

No.	Articles and country of origin.	Quantity or value.	Per cent.	No.	Articles and country of origin.	Quantity or value.	Per cent.
28	Felts and sarcenet, unenumerated:	<i>Dollars.</i>			Paper and manufactures thereof—Continued.		
	Germany .....	53,800	80.8	36	Includes—		
	France .....	4,000	6.0		Books, newspapers, periodicals, etc.—	<i>Dollars.</i>	
	United Kingdom .....	7,700	11.7		Germany .....	55,000	10.7
	All others .....	1,000	1.5		France .....	234,000	45.6
	Total .....	66,500	100.0		United Kingdom .....	23,000	4.5
29	Silk, yarn, and thread:				United States .....	16,000	3.1
	Germany .....	23,500	22.9		Italy .....	32,000	6.1
	France .....	15,800	15.3		Portugal .....	78,000	15.1
	United Kingdom .....	5,000	4.9		Belgium .....	62,000	12.1
	United States .....	32,500	31.6		All others .....	12,000	2.8
	Italy .....	19,800	19.2		Total .....	512,000	100.0
	Switzerland .....	5,000	4.9				
	All others .....	1,200	1.2	37	Printed matter, unenumerated—		
	Total .....	102,800	100.0		Germany .....	69,800	52.7
30	Manufactures of silk, including mixed goods:				France .....	28,200	21.4
	Germany .....	178,000	20.0		United Kingdom .....	7,000	5.2
	France .....	535,000	60.0		United States .....	13,200	10.1
	United Kingdom .....	46,000	5.1		Italy .....	8,500	6.4
	Italy .....	22,000	2.4		All others .....	5,500	4.2
	Switzerland .....	68,000	7.7		Total .....	132,200	100.0
	All others .....	43,000	4.8				
	Total .....	892,000	100.0	38	Paper for unenumerated uses—		
31	Includes—				Germany .....	311,000	34.9
	Ribbons—				France .....	197,000	22.2
	Germany .....	56,200	21.0		United Kingdom .....	23,000	2.5
	France .....	160,000	59.8		United States .....	22,000	2.5
	United Kingdom .....	2,500	.9		Italy .....	17,000	1.9
	Italy .....	7,800	2.9		Belgium .....	79,000	8.9
	Switzerland .....	38,500	14.4		Austria .....	37,000	4.2
	All others .....	3,000	1.0		Norway and Sweden .....	190,000	21.4
	Total .....	268,000	100.0		All others .....	13,000	1.5
32	Piece goods, unenumerated—				Total .....	889,000	100.0
	Germany .....	54,000	15.7				
	France .....	224,000	65.1	39	Writing paper—	<i>Metric tons.</i>	
	United Kingdom .....	22,000	6.3		Germany .....	451	30.2
	Italy .....	10,000	2.8		France .....	75	5.0
	Switzerland .....	22,000	6.3		United Kingdom .....	47	3.2
	All others .....	13,000	3.8		United States .....	10	.7
	Total .....	345,000	100.0		Italy .....	405	27.1
33	Paper and manufactures thereof:				Belgium .....	169	11.3
	Germany .....	1,083,000	36.7		Austria .....	307	20.6
	France .....	546,000	18.5		All others .....	28	1.9
	United Kingdom .....	101,000	3.4		Total .....	1,492	100.0
	United States .....	114,000	3.9				
	Italy .....	164,000	5.5	40	Printing paper—		
	Portugal .....	86,000	2.9		Germany .....	3,441	39.7
	Belgium .....	307,000	10.4		France .....	94	1.1
	Austria .....	145,000	4.9		United Kingdom .....	118	1.4
	Norway and Sweden .....	352,000	11.9		United States .....	725	8.4
	All others .....	56,000	1.9		Italy .....	151	1.7
	Total .....	2,954,000	100.0		Belgium .....	1,216	14.1
34	Includes—				Austria .....	520	6.0
	Playing cards—				Norway and Sweden .....	2,275	26.3
	Germany .....	2,750	34.4		All others .....	112	1.3
	France .....	3,500	43.7		Total .....	8,652	100.0
	United States .....	1,750	21.9				
	Total .....	8,000	100.0	41	Millboard and card-board—		
35	Engravings, designs, and photographs—				Germany .....	1,016	59.0
	Germany .....	48,000	82.4		France .....	59	3.4
	France .....	5,500	9.3		United Kingdom .....	37	2.2
	United Kingdom .....	150	.3		United States .....	51	3.0
	United States .....	150	.3		Italy .....	19	1.1
	All others .....	4,500	7.7		Belgium .....	174	10.1
	Total .....	58,300	100.0		Austria .....	70	4.1
					Holland .....	290	16.8
					All others .....	5	.3
					Total .....	1,720	100.0

## QUANTITY OR VALUE OF SPECIFIED ARTICLES OF IMPORTS INTO BRAZIL FROM LEADING COUNTRIES IN 1903, ETC.—Continued.

No.	Articles and country of origin.	Quantity or value.	Per cent.	No.	Articles and country of origin.	Quantity or value.	Per cent.
42	Hides and skins, tanned and otherwise prepared:	<i>Dollars.</i>		49	Manufactures of lead, tin, zinc, and alloys:	<i>Metric tons.</i>	
	Germany.....	484,000	33.8		Germany.....	135	31.5
	France.....	721,000	50.3		France.....	34	7.9
	United Kingdom.....	96,000	6.6		United Kingdom.....	188	43.9
	United States.....	106,000	7.4		United States.....	27	6.4
	All others.....	28,000	1.9		Belgium.....	6	1.4
	Total.....	1,435,000	100.0		All others.....	38	8.9
43	Manufactures of skins and leather:				Total.....	428	100.0
	Germany.....	76,000	13.8	50	Includes—		
	France.....	65,000	11.7		Printers' type—		
	United Kingdom.....	226,000	41.0		Germany.....	35	38.9
	United States.....	35,000	6.0		France.....	18	20.0
	Belgium.....	35,000	6.3		United Kingdom.....	1	1.1
	Austria.....	34,000	6.1		United States.....	5	5.6
	All others.....	83,000	15.1		Italy.....	26	28.9
	Total.....	552,000	100.0		All others.....	5	5.5
44	Harness and saddlery:				Total.....	90	100.0
	Germany.....	1,500	4.8	51	Copper and alloys:		
	France.....	5,200	16.8		Germany.....	71	6.6
	United Kingdom.....	19,700	63.2		France.....	3	.3
	United States.....	800	2.4		United Kingdom.....	968	90.6
	Argentina.....	4,000	12.8		United States.....	8	.8
	Total.....	31,200	100.0		Belgium.....	10	.9
45	Bags, cases, and trunks of all kinds:				All others.....	10	.9
	Germany.....	17,700	54.5		Total.....	1,068	100.0
	France.....	9,000	27.7	52	Manufactures of copper and alloys:	<i>Dollars.</i>	
	United Kingdom.....	1,700	5.4		Germany.....	333,000	35.0
	United States.....	300	.8		France.....	192,000	20.2
	Italy.....	300	.8		United Kingdom.....	272,000	28.5
	Belgium.....	1,000	3.0		United States.....	77,000	8.1
	Austria.....	2,200	7.0		Belgium.....	19,000	2.0
	All others.....	300	.8		Italy.....	12,000	1.3
	Total.....	32,500	100.0		Portugal.....	10,000	1.1
46	Boots and shoes:				Austria.....	31,000	3.3
	Germany.....	4,000	1.8		All others.....	5,000	.5
	France.....	25,000	10.8		Total.....	951,000	100.0
	United Kingdom.....	78,000	33.9	53	Includes—	<i>Metric tons.</i>	
	United States.....	28,000	12.1		Wire, all kinds—		
	Portugal.....	12,000	5.2		Germany.....	94	36.3
	Austria.....	70,000	30.2		France.....	11	4.2
	Switzerland.....	11,000	4.7		United Kingdom.....	53	20.5
	All others.....	3,000	1.3		United States.....	91	35.1
	Total.....	231,000	100.0		Italy.....	7	2.7
47	Belting:				All others.....	3	1.2
	Germany.....	5,800	5.6		Total.....	259	100.0
	France.....	1,500	1.4	54	Iron and steel:		
	United Kingdom.....	98,000	89.6		Steel (bar and rod)—		
	United States.....	2,800	2.7		Germany.....	158	7.2
	All others.....	700	.7		France.....	128	5.8
	Total.....	103,800	100.0		United Kingdom.....	1,419	64.3
48	Lead, tin, zinc, and alloys:	<i>Metric tons.</i>			United States.....	38	1.7
	Germany.....	270	9.9		Belgium.....	286	13.0
	France.....	1,362	49.8		Austria.....	161	7.4
	United Kingdom.....	656	24.0		All others.....	13	.6
	United States.....	24	.9		Total.....	2,206	100.0
	Belgium.....	374	13.7	55	Iron (bar, rod, plain, and sheet)—		
	All others.....	48	1.7		Germany.....	3,587	22.9
	Total.....	2,734	100.0		United Kingdom.....	5,383	34.4
					United States.....	79	.5
					Belgium.....	4,502	28.8
					Norway and Sweden.....	1,949	12.5
					All others.....	143	.9
					Total.....	15,643	100.0

## QUANTITY OR VALUE OF SPECIFIED ARTICLES OF IMPORTS INTO BRAZIL FROM LEADING COUNTRIES IN 1903, ETC.—Continued.

No.	Articles and country of origin.	Quantity or value.	Per cent.	No.	Articles and country of origin.	Quantity or value.	Per cent.
56	Iron and steel—Cont'd. Iron (pig, cast, puddled, and fillings)—	<i>Metric tons.</i>		64	Manufactures of iron and steel—Continued. Includes—		
	Germany.....	2	0.1		Tin plates and manufactures thereof—	<i>Metric tons.</i>	
	France.....	6	.2		Germany.....	715	9.4
	United Kingdom.....	3,221	99.5		United Kingdom.....	6,685	88.2
	All others.....	8	.2		United States.....	61	.8
	Total.....	3,237	100.0		Belgium.....	33	.4
57	Manufactures of iron and steel:	<i>Dollars.</i>			Holland.....	35	.5
	Germany.....	2,038,000	26.8		All others.....	56	.7
	France.....	394,000	5.3		Total.....	7,588	100.0
	United Kingdom.....	3,127,000	41.9	65	Staples, nails, screws, and other structural iron for houses, boats, telegraph poles, fences, etc.—		
	United States.....	769,000	10.3		Germany.....	1,258	12.4
	Italy.....	6,000	.1		France.....	454	4.5
	Belgium.....	1,053,000	14.1		United Kingdom.....	5,291	52.5
	All others.....	116,000	1.5		United States.....	535	5.2
	Total.....	7,468,000	100.0		Belgium.....	2,162	21.4
58	Includes—				All others.....	409	4.0
	Fishhooks, spurs, stirrups, locks, etc.—				Total.....	10,109	100.0
	Germany.....	48,000	29.8	66	Furniture, iron, and steel—	<i>Dollars.</i>	
	France.....	17,000	10.9		Germany.....	3,200	14.1
	United Kingdom.....	60,000	37.6		France.....	4,200	18.5
	United States.....	22,000	13.4		United Kingdom.....	12,000	51.2
	All others.....	13,000	8.3		United States.....	1,203	5.4
	Total.....	160,000	100.0		Belgium.....	1,200	5.4
59	Wire of iron and steel—	<i>Metric tons.</i>			All others.....	1,200	5.4
	Germany.....	10,541	67.3		Total.....	23,000	100.0
	United Kingdom.....	463	3.0	67	Rails and accessories—	<i>Metric tons.</i>	
	United States.....	3,969	25.2		Germany.....	19,018	24.2
	Belgium.....	310	2.0		France.....	3,497	4.4
	All others.....	396	2.5		United Kingdom.....	26,279	33.4
	Total.....	15,679	100.0		United States.....	1,675	2.1
60	Galvanized corrugated sheets—				Belgium.....	28,151	35.8
	Germany.....	365	8.7		All others.....	52	.1
	United Kingdom.....	3,358	80.4		Total.....	78,672	100.0
	United States.....	11	.1	68	Tubes, pipes, and connections—		
	Belgium.....	372	8.9		Germany.....	751	9.6
	All others.....	804	2.0		France.....	1,369	17.5
	Total.....	4,177	100.0		United Kingdom.....	4,761	60.8
61	Cutlery—	<i>Dollars.</i>			United States.....	120	1.5
	Germany.....	169,000	32.6		Belgium.....	810	10.4
	France.....	39,000	7.6		All others.....	16	.2
	United Kingdom.....	199,000	38.6		Total.....	7,827	100.0
	United States.....	105,000	20.2	69	Machinery, implements and tools, and sundry utensils:	<i>Dollars.</i>	
	All others.....	5,000	1.0		Germany.....	1,091,000	17.6
	Total.....	517,000	100.0		France.....	424,000	6.8
62	Axles, wheels, and parts—	<i>Metric tons.</i>			United Kingdom.....	2,924,000	47.3
	For railway cars—				United States.....	1,435,000	23.1
	Germany.....	685	15.6		All others.....	324,000	5.2
	United Kingdom.....	1,058	24.1		Total.....	6,198,000	100.0
	United States.....	862	19.7	70	Includes—		
	Belgium.....	1,768	40.5		Alambics, stills, and boilers—		
	All others.....	4	.1		Germany.....	9,000	5.3
	Total.....	4,377	100.0		France.....	4,000	2.0
63	For other vehicles—				United Kingdom.....	132,000	76.5
	Germany.....	85	28.0		United States.....	13,000	7.4
	France.....	43	14.1		Belgium.....	14,000	7.8
	United Kingdom.....	25	8.2		All others.....	2,000	1.0
	United States.....	26	8.5		Total.....	174,000	100.0
	Uruguay.....	72	23.8				
	Belgium.....	48	15.8				
	All others.....	5	1.6				
	Total.....	304	100.0				

a Figures are for 1902 and 1903.



QUANTITY OR VALUE OF SPECIFIED ARTICLES OF IMPORTS INTO BRAZIL FROM LEADING COUNTRIES IN 1903, ETC.—Continued.

No.	Articles and country of origin.	Quantity or value.	Per cent.	No.	Articles and country of origin.	Quantity or value.	Per cent.
71	Machinery, implements and tools, and sundry utensils—Continued. Includes— Apparatus and accessories for electric lighting and power— Germany ..... France ..... United Kingdom..... United States ..... All others..... Total.....	Dollars. 82,000 28,000 99,000 404,000 13,000 626,000	13.1 4.5 15.8 64.5 2.1 100.0	78	Machinery, implements and tools, and sundry utensils—Continued. Includes— Typewriting machines and parts thereof— Germany..... France..... United Kingdom..... United States..... All others..... Total.....	Dollars. 2,200 800 1,700 13,200 800 18,200	12.3 4.1 9.6 72.6 1.4 100.0
72	Photographic appliances and accessories— Germany ..... France ..... United Kingdom..... United States ..... All others..... Total.....	28,000 40,000 19,000 8,000 3,000 98,000	28.6 41.1 19.0 7.7 3.6 100.0	79	Agricultural and industrial machinery and parts thereof— Germany ..... France..... United Kingdom..... United States..... Holland ..... All others..... Total.....	58,000 132,000 1,070,000 139,000 171,000 15,000 1,585,000	3.6 8.3 67.5 8.8 10.8 1.0 100.0
73	Scales, balances, etc.— Germany ..... France ..... United Kingdom..... United States ..... All others..... Total.....	11,000 9,000 8,000 19,000 1,000 48,000	22.1 19.1 17.0 39.2 2.6 100.0	80	Mills— Germany ..... France..... United Kingdom..... United States..... All others..... Total.....	6,000 10,000 19,000 20,000 1,000 56,000	10.5 18.5 34.2 35.1 1.7 100.0
74	Hydraulic pumps— Germany ..... France ..... United Kingdom..... United States ..... All others..... Total.....	11,000 3,000 19,000 36,000 1,000 70,000	15.7 4.3 27.1 51.5 1.4 100.0	81	Presses, all kinds— Germany ..... France..... United Kingdom..... United States..... All others..... Total.....	9,500 2,200 9,000 800 500 22,000	43.2 10.2 40.9 3.4 2.3 100.0
75	Locomotives and parts thereof— Germany ..... United Kingdom..... United States ..... All others..... Total.....	87,000 271,000 497,000 15,000 870,000	10.1 31.1 57.1 1.7 100.0	82	Cycles and parts thereof— Germany ..... France..... United Kingdom..... United States..... All others..... Total.....	7,000 5,500 800 9,500 1,200 24,000	29.2 22.9 3.1 39.5 5.3 100.0
76	Motor cars and fixed engines and parts thereof— Germany ..... France ..... United Kingdom..... United States ..... All others..... Total.....	16,000 11,000 58,000 45,000 2,000 132,000	12.1 7.9 44.3 34.2 1.5 100.0	83	Machinery, implements, and tools, unenumerated— Germany ..... France..... United Kingdom..... United States..... All others..... Total.....	548,000 176,000 1,156,000 456,000 93,000 2,429,000	22.5 7.3 47.6 18.8 3.8 100.0
77	Sewing machines and parts thereof— Germany ..... United Kingdom..... United States ..... All others..... Total.....	237,000 115,000 101,000 5,000 458,000	51.8 25.2 22.0 1.0 100.0	84	Manufactures of glass, china, and crystal: Germany ..... France..... United Kingdom..... United States ..... Belgium ..... Austria ..... Holland ..... All others..... Total.....	650,000 274,000 428,000 51,000 186,000 72,000 96,000 23,000 1,780,000	36.5 15.4 24.0 2.9 10.4 4.0 5.4 1.4 100.0

a Figures are for 1902 and 1903.

## QUANTITY OR VALUE OF SPECIFIED ARTICLES OF IMPORTS INTO BRAZIL FROM LEADING COUNTRIES IN 1903, ETC.—Continued.

No.	Articles and country of origin.	Quantity or value.	Per cent.	No.	Articles and country of origin.	Quantity or value.	Per cent.
	<b>Manufactures of glass, china, and crystal—Continued.</b>				<b>Lumber and timber—Continued.</b>		
	<b>Includes—</b>				<b>Includes—</b>		
85	Bottles, flasks, and goblets or tumblers of all kinds—	<i>Dollars.</i>		92	Wood pulp for manufacture of paper—	<i>Dollars.</i>	
	Germany .....	255,000	70.9		Germany .....	4,500	26.5
	France .....	58,000	16.0		Norway and Sweden .....	12,200	72.1
	United Kingdom .....	8,500	2.2		All others .....	300	1.4
	United States .....	25,500	7.1		<b>Total .....</b>	<b>17,000</b>	<b>100.0</b>
	All others .....	14,000	3.8				
	<b>Total .....</b>	<b>361,000</b>	<b>100.0</b>	93	Pine—		
86	Window glass—				United States .....	1,022,000	88.1
	Germany .....	3,500	2.6		British possessions .....	94,000	7.6
	France .....	3,700	2.8		Norway and Sweden .....	88,000	7.2
	United Kingdom .....	18,200	13.4		All others .....	26,000	2.1
	Belgium .....	108,800	79.8		<b>Total .....</b>	<b>1,230,000</b>	<b>100.0</b>
	All others .....	2,000	1.4				
	<b>Total .....</b>	<b>136,200</b>	<b>100.0</b>	94	Manufactures of wood:		
87	Manufactures of earthenware and china, unenumerated—				Germany .....	74,000	16.4
	Germany .....	288,000	31.3		France .....	67,000	14.6
	France .....	91,000	9.9		United Kingdom .....	16,000	3.4
	United Kingdom .....	379,000	41.0		United States .....	35,000	7.6
	United States .....	2,000	.2		Portugal .....	146,000	32.2
	Belgium .....	42,000	4.5		Austria .....	72,000	15.6
	Holland .....	94,000	10.2		Spain .....	18,000	4.0
	All others .....	27,000	2.9		All others .....	28,000	6.2
	<b>Total .....</b>	<b>923,000</b>	<b>100.0</b>		<b>Total .....</b>	<b>456,000</b>	<b>100.0</b>
88	Manufactures of glass and crystal, unenumerated—				<b>Includes—</b>		
	Germany .....	78,000	26.2	95	Furniture—		
	France .....	96,000	32.3		Germany .....	12,500	10.2
	United Kingdom .....	14,000	4.5		Austria .....	62,300	50.9
	United States .....	21,000	7.2		United States .....	12,500	10.2
	Belgium .....	28,000	9.5		France .....	23,700	19.3
	Austria .....	55,000	18.4		All others .....	11,500	9.4
	All others .....	6,000	1.9		<b>Total .....</b>	<b>122,500</b>	<b>100.0</b>
	<b>Total .....</b>	<b>298,000</b>	<b>100.0</b>	96	Toothpicks—		
89	Lumber and timber:				Portugal .....	38,500	99.3
	Germany .....	32,000	2.3		All others .....	250	.7
	United Kingdom .....	14,000	1.0		<b>Total .....</b>	<b>38,750</b>	<b>100.0</b>
	United States .....	1,029,000	71.2	97	Cork manufactures—		
	Uruguay .....	14,000	1.0		Germany .....	26,000	15.3
	Norway and Sweden .....	174,000	12.0		France .....	14,200	8.3
	Russia .....	74,000	5.1		Spain .....	18,000	10.6
	British possessions .....	94,000	6.5		Portugal .....	104,500	61.4
	All others .....	13,000	.9		United States .....	500	.3
	<b>Total .....</b>	<b>1,444,000</b>	<b>100.0</b>		All others .....	7,000	4.1
90	<b>Includes—</b>				<b>Total .....</b>	<b>170,200</b>	<b>100.0</b>
	Staves and hoops—			98	Unenumerated—		
	Germany .....	5,800	22.5		Germany .....	36,000	29.3
	United Kingdom .....	6,700	26.5		United States .....	21,700	17.7
	United States .....	2,000	7.8		France .....	28,500	23.2
	Uruguay .....	5,200	20.6		United Kingdom .....	9,000	7.3
	Spain .....	5,500	21.6		Uruguay .....	6,200	5.1
	All others .....	300	1.0		Austria .....	8,500	6.9
	<b>Total .....</b>	<b>25,700</b>	<b>100.0</b>		All others .....	12,800	10.5
91	Match sticks and boxes—				<b>Total .....</b>	<b>122,700</b>	<b>100.0</b>
	Germany .....	8,000	5.3	99	Materials for manufacture of perfumery, dyes, paints, etc.:		
	Norway and Sweden .....	69,800	46.0		Germany .....	483,000	35.5
	Russia .....	73,700	48.7		France .....	64,000	4.6
	<b>Total .....</b>	<b>151,500</b>	<b>100.0</b>		United Kingdom .....	529,000	38.9
					United States .....	125,000	9.2
					Belgium .....	133,000	9.8
					All others .....	27,000	2.0
					<b>Total .....</b>	<b>1,361,000</b>	<b>100.0</b>

QUANTITY OR VALUE OF SPECIFIED ARTICLES OF IMPORTS INTO BRAZIL FROM LEADING COUNTRIES IN 1903, ETC.—Continued.

No.	Articles and country of origin.	Quantity or value.	Per cent.	No.	Articles and country of origin.	Quantity or value.	Per cent.
	Materials for manufacture of perfumery, dyes, paints, etc.—Continued.				Chemical products, drugs, and medicines—Continued.		
100	Includes—Aniline and fuschine dyes—			108	Includes—Soap and soap tablets, medicinal—	Dollars.	
	Germany .....	291,000	98.1		Germany .....	3,200	36.1
	All others .....	5,000	1.9		France .....	1,800	19.4
	Total .....	296,000	100.0		United Kingdom .....	500	5.6
					United States .....	3,000	33.3
					All others .....	500	5.6
101	Essences of all kinds, unenumerated—				Total .....	9,000	100.0
	Germany .....	41,000	8.6				
	France .....	15,000	3.1	109	Chemical products and medicines, unenumerated—		
	United Kingdom .....	303,000	63.3		Germany .....	539,000	24.8
	United States .....	108,000	22.4		France .....	567,000	26.1
	All others .....	12,000	2.6		United Kingdom .....	627,000	28.9
	Total .....	479,000	100.0		United States .....	191,000	8.8
102	Perfumery, dyes, paints, etc.—				Italy .....	124,000	5.7
	Germany .....	79,000	8.3		All others .....	125,000	5.7
	France .....	526,000	55.3		Total .....	2,173,000	100.0
	United Kingdom .....	234,000	24.6				
	United States .....	113,000	11.7				
	All others .....	1,000	.1				
	Total .....	953,000	100.0	110	Plants, leaves, flowers, fruit, berries, seeds, roots, barks, etc.—		
103	Includes—Perfumery—				Germany .....	316,000	36.8
	Germany .....	19,000	3.2		France .....	16,000	1.9
	France .....	484,000	83.0		United Kingdom .....	11,000	1.3
	United Kingdom .....	19,000	3.2		United States .....	7,000	.8
	United States .....	48,000	8.1		Austria .....	338,000	39.4
	All others .....	14,000	2.5		Portugal .....	34,000	4.0
	Total .....	581,000	100.0		Turkey in Europe .....	32,000	3.7
104	Writing ink—				Dutch possessions .....	51,000	5.9
	Germany .....	2,800	10.0		All others .....	53,000	6.2
	France .....	4,500	16.4		Total .....	868,000	100.0
	United Kingdom .....	18,700	68.2				
	United States .....	1,200	4.6	111	Includes—Malt—		
	All others .....	300	.5		Germany .....	155,000	33.4
	Total .....	27,500	100.0		Austria .....	303,000	65.6
106	Paints and varnishes of all kinds—				All others .....	5,000	1.0
	Germany .....	51,000	16.7		Total .....	463,000	100.0
	France .....	28,000	9.3				
	United Kingdom .....	182,000	60.4	112	Leaves, flowers, herbs, roots, etc., medicinal or for dyes—		
	United States .....	38,000	12.5		Germany .....	142,800	60.9
	All others .....	3,000	1.1		France .....	5,000	2.2
	Total .....	302,000	100.0		United Kingdom .....	5,800	2.5
106	Chemical products, drugs, and medicines—				United States .....	2,500	1.1
	Germany .....	682,000	24.4		Portugal .....	30,500	13.0
	France .....	655,000	25.4		Austria .....	34,200	14.6
	United Kingdom .....	668,000	25.9		All others .....	13,200	5.7
	United States .....	258,000	10.0		Total .....	234,000	100.0
	Italy .....	141,000	5.5				
	All others .....	175,000	6.8	113	Tobacco, in leaf—		
	Total .....	2,579,000	100.0		Germany .....	7,000	5.7
107	Includes—Capsules, pills, etc.—				United States .....	4,000	3.2
	Germany .....	3,000	3.6		British possessions .....	4,000	3.4
	France .....	15,800	18.8		Turkey in Europe .....	6,000	5.3
	United Kingdom .....	1,800	2.1		Peru .....	32,000	26.7
	United States .....	61,200	73.1		Cuba .....	6,000	4.8
	All others .....	2,000	2.4		Dutch possessions .....	50,000	41.7
	Total .....	83,800	100.0		All others .....	11,000	9.2
					Total .....	120,000	100.0

## QUANTITY OR VALUE OF SPECIFIED ARTICLES OF IMPORTS INTO BRAZIL FROM LEADING COUNTRIES IN 1903, ETC.—Continued.

No.	Articles and country of origin.	Quantity or value.	Per cent.	No.	Articles and country of origin.	Quantity or value.	Per cent.
114	Stones, earths, and other similar materials: <i>Dollars.</i>				Manufactures of stones, earths, etc.—Cont'd.		
	Germany .....	468,000	6.2	122	Includes—		
	France .....	139,000	1.8		Tiles, mosaics, and bricks, of all kinds— <i>Dollars.</i>		
	United Kingdom .....	6,444,000	84.1		Germany .....	13,000	5.8
	United States .....	72,000	.9		France .....	141,700	63.5
	Italy .....	89,000	1.2		United Kingdom .....	34,000	15.3
	Belgium .....	390,000	5.1		United States .....	8,800	3.8
	All others .....	59,000	.7		Portugal .....	10,500	4.7
	Total .....	7,660,000	100.0		All others .....	15,500	6.9
115	Includes— <i>Metric tons.</i>				Total .....	223,500	100.0
	Coal— <i>a</i>			123	Vegetable oils: <i>Metric tons.</i>		
	Germany .....	5,868	.3		Germany .....	183	5.7
	United Kingdom .....	1,817,517	97.5		France .....	55	1.7
	United States .....	38,851	2.1		United Kingdom .....	192	6.0
	Belgium .....	1,630	.1		United States .....	2,517	78.0
	All others .....	123	.....		British possessions .....	236	7.3
	Total .....	1,863,989	100.0		All others .....	42	1.3
116	Briquettes— <i>a</i>				Total .....	3,225	100.0
	United Kingdom .....	43,121	90.4	124	Rosin:		
	Belgium .....	4,610	9.6		United States .....	12,031	99.2
	Total .....	47,731	100.0		Uruguay .....	34	.3
117	Cement— <i>a</i>				Belgium .....	32	.3
	Germany .....	50,891	41.5		All others .....	27	.2
	France .....	4,260	3.5		Total .....	12,124	100.0
	United Kingdom .....	10,229	8.3	125	Gums, resins, and balsams:		
	United States .....	86	.1		Germany .....	64	.....
	Belgium .....	54,427	44.4		France .....	19	.....
	All others .....	2,642	2.2		United Kingdom .....	27	.....
	Total .....	122,535	100.0		United States .....	7	.....
118	Coke—				British possessions .....	40	.....
	Germany .....	345	4.9		Total .....	178	.....
	United Kingdom .....	6,762	95.1	126	Arms and ammunition: <i>a</i> <i>Dollars.</i>		
	Total .....	7,107	100.0		Germany .....	437,000	25.5
119	Manufactures of stones, earths, etc.: <i>Dollars.</i>				France .....	319,000	18.6
	Germany .....	33,000	8.1		United Kingdom .....	249,000	14.5
	France .....	153,000	37.4		United States .....	426,000	25.5
	United Kingdom .....	121,000	29.6		Belgium .....	265,000	15.4
	United States .....	14,000	3.4		All others .....	9,000	.5
	Italy .....	26,000	6.4		Total .....	1,715,000	100.0
	Portugal .....	43,000	10.5	127	Includes—		
	Belgium .....	13,000	3.1		Artillery— <i>a</i>		
	All others .....	6,000	1.5		Germany .....	75,000	24.1
	Total .....	409,000	100.0		France .....	194,000	62.9
120	Includes— <i>Metric tons.</i>				United Kingdom .....	40,000	13.0
	Earthenware and clay pipes and tubes				Total .....	309,000	100.0
	Germany .....	12	.8	128	Lead bullets, shot, cartridges, etc.—		
	United Kingdom .....	1,295	91.5		Germany .....	76,000	24.7
	Belgium .....	108	7.7		France .....	47,000	15.3
	Total .....	1,415	100.0		United Kingdom .....	39,000	12.6
121	Manufactures of asbestos—				United States .....	140,000	45.5
	Germany .....	13	26.0		All others .....	6,000	1.9
	United Kingdom .....	21	42.0	129	Firearms, all kinds—		
	United States .....	7	14.0		Germany .....	9,800	3.5
	Italy .....	8	16.0		France .....	7,500	2.7
	All others .....	1	2.0		United Kingdom .....	16,800	6.0
	Total .....	50	100.0		United States .....	108,800	38.9
					Belgium .....	133,000	47.5
					All others .....	4,000	1.4
					Total .....	279,900	100.0

*a* Figures are for 1902 and 1903.

## QUANTITY OR VALUE OF SPECIFIED ARTICLES OF IMPORTS INTO BRAZIL FROM LEADING COUNTRIES IN 1903, ETC.—Continued.

No.	Articles and country of origin.	Quantity or value.	Per cent.	No.	Articles and country of origin.	Quantity or value.	Per cent.
130	Arms and ammunition—Continued. Includes— Swords, foils, and other edged weapons— Germany ..... France ..... United Kingdom ..... United States..... Total.....	Dollars. 5,000 1,000 200 50 6,250	80.0 16.0 3.2 .8 100.0	138	Optical instruments: Germany ..... France ..... United Kingdom ..... United States ..... All others..... Total .....	Dollars. 7,800 29,200 200 2,300 1,300 40,800	19.0 71.8 .6 5.5 3.1 100.0
131	Powder— Germany ..... United Kingdom ..... United States .... Total.....	71,500 40,500 2,500 114,500	62.4 35.4 2.2 100.0	139	Mathematical and scientific instruments, unenumerated: Germany ..... France ..... United Kingdom ..... United States ..... All others..... Total.....	26,500 43,000 28,000 16,000 7,000 120,500	22.0 35.7 23.2 13.3 5.8 100.0
132	Unenumerated— Germany ..... France ..... United Kingdom ..... United States ..... All others..... Total.....	84,000 3,500 16,200 1,500 3,000 108,200	77.6 3.2 15.0 1.4 2.8 100.0	140	Gold jewelry, with or without precious stones: Germany ..... France ..... United Kingdom ..... United States ..... All others..... Total.....	69,800 73,200 2,000 800 8,000 153,800	45.4 47.6 1.3 .5 5.2 100.0
133	Railway cars: Germany ..... France ..... United Kingdom ..... United States ..... Belgium ..... All others..... Total.....	9,800 1,500 2,200 17,000 127,000 4,800 162,300	6.0 .9 1.4 10.5 78.3 2.9 100.0	141	Silver jewelry, with or without precious stones: Germany ..... France ..... United Kingdom ..... United States ..... All others..... Total.....	40,800 29,500 10,500 4,800 8,700 94,300	43.3 31.3 11.1 5.0 9.3 100.0
134	Other vehicles: Germany ..... France ..... United Kingdom ..... United States ..... Belgium ..... All others..... Total.....	5,200 21,300 6,800 13,200 8,000 2,200 56,700	9.2 37.5 11.9 23.4 14.1 3.9 100.0	142	Gymnastic appliances and sporting goods: Germany ..... France ..... United Kingdom ..... United States ..... All others..... Total.....	1,000 1,000 4,000 350 150 6,500	15.4 15.4 61.5 5.4 2.3 100.0
135	Pianos: Germany ..... France ..... United Kingdom ..... United States ..... All others..... Total .....	95,500 27,000 1,800 3,000 4,700 132,000	72.3 20.5 1.3 2.3 3.6 100.0	143	Stationery: Germany ..... France ..... United Kingdom ..... United States ..... All others..... Total.....	88,000 48,000 32,000 22,000 7,000 197,000	44.9 24.2 16.2 11.3 3.4 100.0
136	Other musical instruments: Germany ..... France ..... United Kingdom ..... United States ..... Italy ..... All others..... Total .....	129,500 64,700 1,500 14,000 14,500 13,000 237,200	54.6 27.2 .6 5.9 6.1 5.5 100.0	144	Articles for lighting by gas, kerosene, etc.: Germany ..... France ..... United Kingdom ..... United States ..... Belgium ..... All others..... Total.....	119,000 17,000 38,000 35,000 34,000 5,000 248,000	48.0 6.7 15.3 14.2 13.6 2.2 100.0
137	Surgical and dental instruments: Germany ..... France ..... United Kingdom ..... United States ..... All others..... Total .....	82,000 77,000 32,000 103,000 10,000 304,000	26.9 25.4 10.6 33.9 3.2 100.0	145	Walking sticks, canes, and whips: Germany ..... France ..... United Kingdom ..... United States ..... All others..... Total.....	4,300 18,500 1,700 300 3,000 27,800	15.3 66.7 6.3 .9 10.8 100.0

## QUANTITY OR VALUE OF SPECIFIED ARTICLES OF IMPORTS INTO BRAZIL FROM LEADING COUNTRIES IN 1903, ETC.—Continued.

No.	Articles and country of origin.	Quantity or value.	Per cent.	No.	Articles and country of origin.	Quantity or value.	Per cent.
146	Buttons, all kinds:	<i>Dollars.</i>			Clocks and watches—Con.	<i>Dollars.</i>	
	Germany .....	45,800	16.1		Switzerland .....	131,500	56.3
	France .....	117,000	41.2		All others .....	4,500	1.9
	United Kingdom .....	6,500	2.3		Total .....	233,500	100.0
	United States .....	3,500	1.3				
	Italy .....	28,700	10.1	154	Dynamite and other explosives:		
	Austria .....	79,500	27.9		Germany .....	24,700	17.9
	All others .....	3,000	1.1		France .....	23,800	17.2
	Total .....	284,000	100.0		United Kingdom .....	81,000	60.9
147	Playthings or toys:				United States .....	100	.1
	Germany .....	181,000	78.3		All others .....	5,400	3.9
	France .....	34,800	15.0		Total .....	138,000	100.0
	United Kingdom .....	1,200	.5				
	United States .....	1,500	.7	155	Fireworks: <sup>a</sup>		
	Austria .....	7,200	3.1		Germany .....	23,800	35.1
	All others .....	5,500	2.4		United States .....	16,000	23.6
	Total .....	231,200	100.0		China .....	26,000	38.4
148	Pipes and cigar or cigarette holders:				All others .....	2,000	2.9
	Germany .....	26,800	20.2		Total .....	67,800	100.0
	France .....	81,500	61.3	156	Kerosene, petroleum, and gasoline:	<i>Metric tons.</i>	
	United Kingdom .....	2,500	1.9		United States .....	59,690	99.3
	Italy .....	8,200	6.2		All others .....	394	.7
	Austria .....	13,800	10.2		Total .....	60,084	100.0
	All others .....	200	.2				
	Total .....	133,000	100.0	157	Sandpaper:		
149	Boxes and cases of all kinds:				Germany .....	28	25.2
	Germany .....	25,000	33.8		France .....	8	7.2
	France .....	20,800	28.0		United Kingdom .....	44	39.7
	United Kingdom .....	1,700	2.4		United States .....	31	27.9
	United States .....	19,000	25.7		Total .....	111	100.0
	All others .....	7,500	10.2				
	Total .....	74,000	100.0	158	Rubber manufactures:	<i>Dollars.</i>	
150	Pocketbooks, cigar cases, and purses:				Germany .....	218,000	36.8
	Germany .....	8,500	33.0		France .....	12,000	12.1
	France .....	8,000	31.1		United Kingdom .....	192,000	32.3
	United Kingdom .....	4,500	17.5		United States .....	38,000	6.4
	Austria .....	4,000	15.5		Italy .....	48,000	8.0
	All others .....	800	2.9		All others .....	26,000	4.4
	Total .....	25,800	100.0		Total .....	594,000	100.0
151	Hats of all kinds:			159	Celluloid manufactures:		
	Germany .....	43,000	15.0		Germany .....	12,800	11.8
	France .....	98,300	34.1		France .....	89,000	82.5
	United Kingdom .....	60,000	21.0		United Kingdom .....	200	.2
	United States .....	1,000	.4		United States .....	200	.2
	Italy .....	54,000	18.6		All others .....	5,700	5.3
	Peru .....	18,000	6.4		Total .....	107,900	100.0
	All others .....	13,000	4.5				
	Total .....	287,000	100.0	160	Steamers, launches, and vessels of all kinds:		
152	Umbrellas, parasols, and accessories:				Germany .....	1,500	1.8
	Germany .....	60,000	38.7		France .....	2,300	2.6
	France .....	71,700	46.2		United Kingdom .....	46,200	54.4
	United Kingdom .....	4,000	2.6		United States .....	19,000	22.4
	United States .....	300	.2		All others .....	16,000	18.8
	Belgium .....	14,000	9.0		Total .....	85,000	100.0
	All others .....	5,200	3.3				
	Total .....	155,200	100.0	161	Lubricating oils:	<i>Metric tons.</i>	
153	Clocks and watches:				Germany .....	413	8.1
	Germany .....	31,500	13.5		United Kingdom .....	765	15.1
	France .....	7,700	3.3		United States .....	2,842	56.0
	United Kingdom .....	3,500	1.5		Austria .....	297	5.8
	United States .....	54,800	23.5		Russia .....	683	13.5
					All others .....	75	1.5
					Total .....	5,075	100.0

<sup>a</sup> Figures are for 1902 and 1903.

## QUANTITY OR VALUE OF SPECIFIED ARTICLES OF IMPORTS INTO BRAZIL FROM LEADING COUNTRIES IN 1903, ETC.—Continued.

No.	Articles and country of origin.	Quantity or value.	Per cent.	No.	Articles and country of origin.	Quantity or value.	Per cent.
162	Paraffin:	<i>Metric tons.</i>		169	Food stuffs and fodder— Continued.		
	Germany.....	89	23.2		Includes—	<i>Metric tons.</i>	
	United Kingdom.....	205	53.5		Garlic and onions—		
	United States.....	83	21.7		Italy.....	249	3.7
	All others.....	6	1.6		Uruguay.....	341	5.1
	Total.....	383	100.0		Portugal.....	5,560	82.6
163	Starch:				Spain.....	407	6.1
	Germany.....	220	24.1		All others.....	169	2.5
	United Kingdom.....	182	20.0		Total.....	6,726	100.0
	United States.....	2	.2	170	Rice—		
	Belgium.....	404	44.3		Germany.....	5,163	7.0
	Austria.....	32	3.5		United Kingdom.....	2,998	4.0
	Holland.....	56	6.1		Italy.....	946	1.3
	All others.....	16	1.8		Uruguay.....	447	.6
	Total.....	912	100.0		Holland.....	944	1.2
164	Framed pictures and mirrors:	<i>Dollars.</i>			British posses- sions.....	61,977	84.2
	Germany.....	52,500	70.0		Japan.....	865	1.2
	France.....	14,200	19.0		All others.....	349	.5
	United Kingdom.....	1,500	2.0	171	Olive oil—		
	United States.....	500	.7		France.....	122.0	5.6
	Italy.....	2,500	3.3		United States.....	.4	.....
	Austria.....	2,800	3.7		Italy.....	373.0	17.1
	All others.....	1,000	1.3		Portugal.....	1,581.0	72.8
	Total.....	75,000	100.0		All others.....	96.6	4.5
165	Soap, etc., unscented:	<i>Metric tons.</i>			Total.....	2,173.0	100.0
	United Kingdom.....	2,032	93.3	172	Codfish—		
	United States.....	108	5.0		United Kingdom.....	299	1.2
	All others.....	37	1.7		United States.....	442	1.8
	Total.....	2,177	100.0		British posses- sions.....	20,478	82.0
166	Empty sacks:				Norway and Sweden.....	3,654	14.6
	United Kingdom.....	128	39.9		All others.....	103	.4
	United States.....	193	60.1		Total.....	24,976	100.0
	Total.....	321	100.0	173	Lard—		
167	Candles, all kinds:				United States.....	3,152	97.6
	Germany.....	25	6.2		Portugal.....	38	1.2
	France.....	117	29.0		All others.....	40	1.2
	United Kingdom.....	49	12.1		Total.....	3,230	100.0
	United States.....	6	1.5	174	Potatoes—		
	Belgium.....	29	7.2		Germany.....	1,379	6.2
	Holland.....	174	43.0		France.....	10,261	46.4
	All others.....	4	1.0		Portugal.....	9,429	42.6
	Total.....	404	100.0		Argentina.....	556	2.5
168	Food stuffs and fodder:	<i>Dollars.</i>			All others.....	507	2.3
	Germany.....	698,000	1.7	175	Alcoholic beverages—		
	France.....	2,392,000	5.7		Germany.....	40	4.2
	United Kingdom.....	897,000	2.1		France.....	307	31.9
	United States.....	3,809,000	8.9		United Kingdom.....	231	24.0
	Italy.....	2,107,000	4.9		United States.....	5	.5
	Uruguay.....	5,150,000	12.1		Portugal.....	69	7.2
	Portugal.....	7,901,000	18.6		Spain.....	18	1.9
	Austria.....	524,000	1.2		Holland.....	265	27.6
	Argentina.....	10,416,000	24.5		All others.....	26	2.7
	Spain.....	934,000	2.2	176	Total.....	961	100.0
	Switzerland.....	390,000	.9		Biscuits, all kinds—		
	Holland.....	341,000	.8		Germany.....	71	34.0
	British possessions.....	5,485,000	12.9		France.....	12	5.6
	Norway and Sweden.....	645,000	1.5		United Kingdom.....	73	34.2
	Denmark.....	280,000	.7		United States.....	8	3.7
	All others.....	572,000	1.3		Uruguay.....	37	17.4
	Total.....	42,541,000	100.0		All others.....	11	5.1
					Total.....	212	100.0

## QUANTITY OR VALUE OF SPECIFIED ARTICLES OF IMPORTS INTO BRAZIL FROM LEADING COUNTRIES IN 1903, ETC.—Continued.

No.	Articles and country of origin.	Quantity or value.	Per cent.	No.	Articles and country of origin.	Quantity or value.	Per cent.
	<b>Food stuffs and fodder—Continued.</b>				<b>Food stuffs and fodder—Continued.</b>		
	<b>Includes—</b>				<b>Includes—</b>	<i>Metric tons.</i>	
177	Cereals, unenumerated—	<i>Metric tons.</i>		183	Wheat flour—		
	Germany .....	313	15.4		United Kingdom .....	839	0.7
	France .....	92	4.6		United States .....	38,715	33.1
	United States .....	21	1.0		Uruguay .....	1,501	1.3
	Italy .....	262	12.9		Austria .....	7,623	6.5
	Uruguay .....	280	13.8		Argentina .....	68,373	58.3
	Portugal .....	149	7.4		All others .....	83	.1
	Argentina .....	48	2.4		<b>Total .....</b>	<b>117,134</b>	<b>100.0</b>
	Spain .....	56	2.8				
	Russia .....	47	2.3	184	Flours and meal, unenumerated—		
	Turkey in Europe .....	284	15.9		Germany .....	92	16.5
	Turkey in Asia .....	38	13.2		France .....	44	7.9
	Chile .....	268	8.3		United Kingdom .....	218	39.1
	All others .....	167			United States .....	119	21.3
	<b>Total .....</b>	<b>2,025</b>	<b>100.0</b>		Italy .....	18	3.2
					Switzerland .....	27	4.8
178	Beer—				All others .....	40	7.2
	Germany .....	386	37.3		<b>Total .....</b>	<b>558</b>	<b>100.0</b>
	United Kingdom .....	453	43.7				
	United States .....	181	17.5	185	Beans, etc.—		
	All others .....	16	1.5		Germany .....	16	.3
	<b>Total .....</b>	<b>1,036</b>	<b>100.0</b>		France .....	196	3.1
					United States .....	66	1.0
179	Chocolate, cocoa, sweetmeats, etc.—	<i>Dollars.</i>			Italy .....	91	1.4
	Germany .....	3,500	6.0		Portugal .....	4,292	67.7
	France .....	24,200	41.4		Argentina .....	208	3.3
	United Kingdom .....	8,000	13.7		Chile .....	1,413	22.3
	United States .....	500	.9		All others .....	53	.9
	Portugal .....	5,300	8.9		<b>Total .....</b>	<b>6,335</b>	<b>100.0</b>
	Switzerland .....	11,200	19.2				
	All others .....	5,800	9.9	186	Dried fruits and vegetables—		
	<b>Total .....</b>	<b>58,500</b>	<b>100.0</b>		Germany .....	44	4.4
					France .....	184	18.6
180	Preserved meats and extracts—	<i>Metric tons.</i>			United States .....	13	1.3
	Germany .....	9	2.8		Italy .....	118	11.9
	United Kingdom .....	11	3.7		Portugal .....	219	22.2
	United States .....	65	20.1		Argentina .....	11	1.1
	Italy .....	41	12.6		Spain .....	346	35.0
	Portugal .....	168	52.0		All others .....	54	5.5
	All others .....	29	8.8		<b>Total .....</b>	<b>989</b>	<b>100.0</b>
	<b>Total .....</b>	<b>323</b>	<b>100.0</b>	187	Fresh fruits and vegetables—		
					United States .....	250	4.4
181	Preserved fruits and vegetables and extracts—				Italy .....	664	11.6
	Germany .....	46	4.3		Uruguay .....	531	9.2
	France .....	156	14.8		Portugal .....	2,445	42.7
	United Kingdom .....	45	4.2		Argentina .....	288	5.0
	United States .....	37	3.5		Spain .....	1,217	21.3
	Italy .....	318	30.0		All others .....	331	5.8
	Portugal .....	311	29.5		<b>Total .....</b>	<b>5,726</b>	<b>100.0</b>
	Spain .....	63	5.9				
	All others .....	82	7.8	188	Condensed milk—		
	<b>Total .....</b>	<b>1,058</b>	<b>100.0</b>		Germany .....	11	.7
					France .....	8	.5
182	Preserved fish and extracts—				United Kingdom .....	76	4.6
	Germany .....	45	2.7		United States .....	2	.1
	France .....	46	2.8		Switzerland .....	1,544	93.6
	United Kingdom .....	86	5.2		All others .....	9	.5
	United States .....	147	8.8		<b>Total .....</b>	<b>1,650</b>	<b>100.0</b>
	Italy .....	90	5.4	189	Butter—		
	Portugal .....	1,108	66.7		France .....	1,642	65.8
	Spain .....	87	5.2		United States .....	320	12.8
	All others .....	54	3.2		Italy .....	121	4.9
	<b>Total .....</b>	<b>1,663</b>	<b>100.0</b>		Denmark .....	386	15.5
					All others .....	24	1.0
					<b>Total .....</b>	<b>2,493</b>	<b>100.0</b>



## QUANTITY OR VALUE OF SPECIFIED ARTICLES OF IMPORTS INTO BRAZIL FROM LEADING COUNTRIES IN 1903, ETC.—Continued.

No.	Articles and country of origin.	Quantity or value.	Per cent.	No.	Articles and country of origin.	Quantity or value.	Per cent.
190	Food stuffs and fodder—Continued. Includes— Maize— <i>a</i>	<i>Metric tons.</i>		194	Food stuffs and fodder—Continued. Includes— Salt—Continued.	<i>Metric tons.</i>	
	United States .....	379	4.2		Spain .....	21,146	58.8
	Uruguay .....	2,637	29.2		All others .....	169	.5
	Argentina .....	4,460	49.5		Total .....	35,989	100.0
	Paraguay .....	1,537	17.0				
	All others .....	8	.1				
	Total .....	9,021	100.0	194	Bacon—		
191	Hams—				United Kingdom .....	20	2.8
	Germany .....	10	3.6		United States .....	667	94.4
	United Kingdom .....	231	83.0		Italy .....	13	1.8
	United States .....	10	3.6		All others .....	7	1.0
	Italy .....	16	5.8		Total .....	707	100.0
	All others .....	11	4.0	195	Wheat—		
	Total .....	278	100.0		Argentina .....	168,680	99.9
192	Cheese—				All others .....	65	.....
	Italy .....	647	49.1		Total .....	168,745	.....
	Switzerland .....	47	3.6	196	Wines, unenumerated—	<i>Dollars.</i>	
	Holland .....	577	43.8		Germany .....	33,000	.5
	All others .....	46	3.5		France .....	334,000	4.6
	Total .....	1,317	100.0		United Kingdom .....	1,000	.....
193	Salt—				United States .....	300	.....
	Germany .....	1,488	4.2		Italy .....	1,130,000	15.5
	United Kingdom .....	10,742	29.8		Portugal .....	5,360,000	73.4
	United States .....	13	.....		Spain .....	398,000	5.5
	Uruguay .....	1,484	4.1		All others .....	39,000	.5
	Portugal .....	947	2.6		Total .....	7,295,300	10.00

*a* Figures are for 1902 and 1903.

## APPENDIX II.

## PRICES.

In Brazil there are no such things as general trade catalogues, and very few instances in which even a single firm issues price lists of the goods it handles. It is an extremely difficult matter, therefore, to get information as to prices of goods except on the limited scale which is possible through personal inquiry and observation. Even the information gathered is apt to be of little value to the manufacturer desirous of sending goods into the market, for one must be an expert in each line of goods about which he is inquiring in order to give descriptions sufficiently technical to indicate the exact kind, quality, grade, or pattern of goods to which the prices apply.

An extensive investigation was made into the subject a few years ago by Mr. Thomas Worthington, as special commissioner for the British Board of Trade, and his report (reprinted and published by the Bureau of American Republics in Washington in 1899) probably contains the most exhaustive information on the subject available to-day. In general, there has been comparatively little change in retail prices measured in milreis since Mr. Worthington wrote. Although the value of the milreis has risen in that time from about 15 cents to nearly 35 cents, the prices which the consumer of most goods is obliged to pay, in milreis, remain nearly as they were before. A good many imported

goods, whose prices are influenced by competition between foreign producers, have, it is true, fallen somewhat under the influence of the remarkable rise in the value of the milreis since January 1, 1905, and it is a common thing to see in the shop windows of the larger Brazilian cities signs which read: "Reduction of prices on account of the rise in exchange." In most cases the reduction is 10 or 15 per cent; in a few it reaches 20 or even 25 per cent. These reductions do not, however, correspond with the increase in value of the milreis, which has been nearly 50 per cent since January 1, 1905. Nor does it affect goods whose prices are intimately connected with the cost of production in the local mills, for the current expense accounts of these mills remain unchanged by the rise in the value of the milreis, and their cost of production consequently are not altered. On the whole, it is probable that retail prices, measured in gold, are 50 per cent higher than when Mr. Worthington made his report.

Wholesale prices, on the other hand, have followed more closely the fluctuations in the value of the currency. Yet even here uncertainty as to whether the high gold value of the milreis would be maintained has made it impossible for prices to fall in exactly the same ratio that exchange has risen, and these prices, therefore, measured in gold, are higher than they were. How much higher it is impossible to say accurately.

#### HIGH LEVEL OF PRICES ILLUSTRATED.

I have already said that it is impossible for any but a technical expert to state the prices of many classes of goods in such a manner as to give much direct assistance to the manufacturers. The following list makes no pretense at completeness. It is merely illustrative of the general high level of prices, and will serve its purpose if it indicates to interested parties lines along which further, more minute investigation is desirable. The prices stated are retail and are given in United States gold.

#### Leather goods:

##### Shoes—

##### Domestic manufacture—

Pegged .....	\$1. 67—	\$1. 83
Sewed, cheapest grades .....	2. 67—	4. 33
Best grades, on American models (similar to Douglas or Regal) .....		8. 33

##### Imported—

##### French—

Ladies' kid .....	8. 33—	10. 00
Children's undressed kid .....	6. 00—	6. 67
Men's cheapest .....		3. 67

##### American—

Very cheap grades which sell in United States for about \$2 to \$2.50 .....	5. 00—	6. 00
Such as Douglas or Regal (in Pernambuco these were selling at \$10) .....	8. 00—	8. 33
Ladies' undressed kid slippers .....		6. 00

Cardcases, "Russian leather," from .....		. 67
Dressing cases, with accessories, from .....		3. 33
Traveling bags, from .....		8. 33

#### Hats:

##### Domestic manufacture—

Stiff felt .....	1. 00—	2. 00
Straw .....	. 00—	1. 33
Soft felt .....	. 67—	1. 67

## Hats—Continued.

## Imported—

Straw, medium grades .....		\$3. 33
Stiff felt—		
English .....	\$2. 67—	4. 00
American .....	3. 33—	5. 00
Best grades .....		8. 33
Mixed cotton and woolen caps, ordinary grades .....	2. 00—	2. 67
Caps, cheapest black cotton .....		. 67

## Textile goods:

## Blankets—

Wool and cotton mixed, from .....		3. 33
All wool, from .....		20. 00

Collars, linen, French and English .....	dozen..	1. 67—	5. 00
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## Cuffs—

Cotton and linen mixed, from .....	do....		4. 67
Extra linen, from .....	do....		6. 67

## Drawers—

Cretonne, French, Portugese, etc., from .....	do....		5. 33
Colored zephyrs, satinets, and oxfords, from .....	do....		6. 67
English linen, French make, from .....	do....		15. 00

Garters, men's, silk and cotton, from .....	pair..		. 27
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Gloves, men's, woolen, knit, from .....	do....		. 77
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Handkerchiefs, men's, linen .....	dozen..	3. 33—	5. 00
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With embroidered motto, from .....	each..		. 17
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## Hosiery—

Very cheap, French, from .....	half dozen..		1. 00
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Cotton, striped .....	each....	33—	. 50
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Wool, men's, black, white, or colored, from .....	dozen..		7. 33
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French, plain, check-d, or striped, from .....	half dozen..		2. 33
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## Handkerchiefs—

Pocket, silk, from .....	each..		. 50
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Silk, suitable for mufflers, from .....	do....		1. 67
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Wool and wool and silk, for mufflers, colored, from .....	do....		1. 50
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Cheap, cotton .....	half dozen..		. 43
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Linen, white, French and English, from .....	do....		2. 50
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## Clothing, etc—

Men's suits, cotton and wool, medium grades .....		27. 00—	33. 00
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## Men's trousers, cotton—

White, from .....			. 83
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Unbleached, from .....			. 67
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Waistcoats, wool, colored, from .....			2. 50
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## Overcoats—

English cassimere, silk lined, from .....			33. 00
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Waterproof cassimere, from .....			23. 00
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## Shirts—

Zephyr, colored bosom, "Paris and London designs,"			
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from .....	half dozen..		12. 00
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Muslin, colored, from .....	do....		16. 67
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## White—

Portuguese make, from .....	do....		8. 00
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Of muslin, satinet, and oxford, French and English,			
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from .....	half dozen..		13. 33
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Dress, from .....	each..		2. 33
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## Undershirts—

Scotch, colored, from .....	half dozen..		10. 00
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Silk, from .....	do....		16. 67
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Nightshirts, muslin, zephyr, batiste, satinet, silk, cretonne,			
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etc., from .....	half dozen..		9. 00
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Suspenders, from .....	pair..		. 67
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Napkins, linen and cotton, from .....	dozen..		2. 67
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## Piece goods—

## Domestic manufacture—

Loose woven, colored, heavily sized .....	yard..	. 17—	. 23
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Uncolored .....	do....	. 08	. 23
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Striped, for trousers, from .....	do....		. 33
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## Textile goods—Continued.

## Piece goods—Continued.

## Imported—

"Cretannes," from .....	yard..	\$0. 13
Cotton "duck," from .....	do....	1. 17
Cotton and wool mixed, from .....	do....	3. 33
Sheetings, "American," from .....	meter..	1. 17
Tablecloths, from .....	do....	1. 83

## Towels—

Face, white and colored, from .....	dozen..	2. 67
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## Bath—

## Cheapest grades—

18 by 36 inches .....	each..	. 83
20 by 40 inches .....	do....	1. 17
White and colored, French make, from .....	do....	6. 00

## Foodstuffs, etc.:

Bacon, Morton's .....	.. pound..	. 61
Ham, Morton's .....	do....	. 73
Baking powder .....	$\frac{1}{2}$ -pound tin..	. 60
Butter, in tins .....	.. pound..	\$0. 83-
"Force" .....	.. package..	. 67
Quaker oats .....	do....	. 67
Canned corn .....	2-pound tin..	. 83
Canned peaches, etc.—		

California .....	do....	1. 17
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Argentine .....	do....	. 83
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Dried peaches or pears, California .....	.. pound..	. 45- . 53
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Dried "Julienne," Knorr's .....	do....	. 53
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Macaroni, Knorr's .....	do....	. 45
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Tapioca .....	do....	. 67
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Rice .....	do....	. 10 $\frac{1}{2}$
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Olive oil, French .....	.. quart..	1. 67
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Cognac, Hennessy .....	.. bottle..	2. 80
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Whisky, Buchanan .....	do....	2. 00
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Wine, French, "ordinaire" .....	do....	. 27- . 40
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## Sundry articles:

Matches, domestic manufacture, in boxes of about 80 .....	$\frac{1}{2}$ dozen..	. 06 $\frac{1}{2}$
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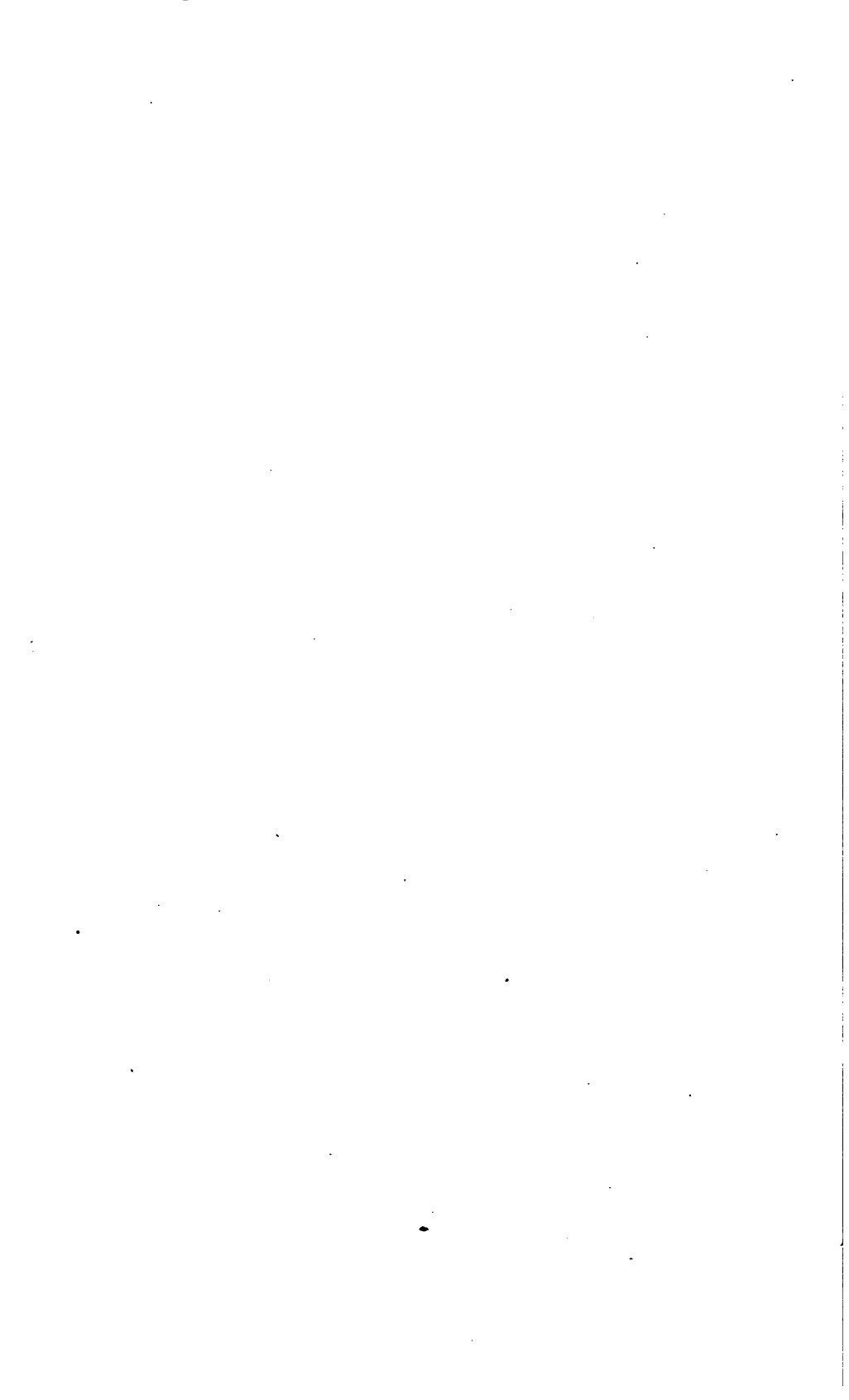
Soap, toilet, such as Pear's .....	.. cake..	. 50
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Steamer chairs, canvas, cheap wooden frame .....	4. 00-	4. 67
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Trunks, wood, tin covered, 28 by 14 inches .....		4. 67
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Umbrellas, cotton covers, wooden stick, French, German, and English, from .....		1. 33
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These figures, incomplete as they are, and chosen almost at random, give abundant illustration of the very high range of Brazilian prices to-day. These high prices are due, in part, to the high rates of import duties, but, in the main, they have been caused by the great rise in gold value of the milreis. In time competition between importers will bring them down to a more normal level, but the process is necessarily slow, and in the meantime a very profitable trade might be carried on.



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